

Item: 13

Policy and Resources Committee: 22 June 2021

Coronavirus Response Fund – Governance.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To provide an update on the financial support measures approved from the Council's Coronavirus Response Fund and to consider delegated authority to enable urgent funding decisions during the recess period.

2. Recommendations

The Committee is invited to note:

2.1.

That, on 16 April 2020, when considering options to assist local businesses to survive the economic downturn that had arisen as a result of the Coronavirus pandemic, the Council resolved to establish a Coronavirus Response Fund, to be used for Business Hardship Support Grants and Business Loans, with an opening balance of £5,000,000.

2.2.

That the Council has subsequently approved a range financial support measures, drawing from the Coronavirus Response Fund, with a total commitment of £3,102,533 as at 21 May 2021.

2.3.

That, despite the significant levels of Government and Council financial support currently available, it is possible that new COVID-19 recovery demands to support the business sector, which are outwith the criteria of the formal schemes for which delegated authority for decision-making current exists, may arise.

It is recommended:

2.4.

That powers be delegated to the Chief Executive, in consultation with the Chair and Vice Chair of the Development and Infrastructure Committee, the Executive Director of Development and Infrastructure and the Head of Finance, to determine funding requests, received during the period 8 July to 22 August 2021 inclusive, in respect of COVID-19 recovery demands to support the business sector, which are outwith either the criteria of the formal schemes or the scope of existing delegated authority,

up to a value of £100,000 in respect of any application, to be met from the Council's Coronavirus Response Fund.

3. Background

3.1.

At the Special General Meeting held on 16 April 2020, when considering options to assist local businesses to survive the economic downturn that had arisen as a result of the Coronavirus pandemic, the Council established a Coronavirus Response Fund, to be used for Business Hardship Support Grants and Business Loans, with an opening balance of £5,000,000.

3.2.

Funded by the Coronavirus Response Fund, the Council has been administering the following local support grants and loan schemes:

- Business Hardship Support Grant (Phases 1 and 2).
- OIC funded COVID-19 Business Support Top-up Grant at 10%.
- COVID-19 Protective Equipment Grant.
- COVID-19 Recovery Development Grant.
- Hotel Job Support Grant Scheme.
- Sector support Project (Sectoral support for the Food and Drink and Creative Sectors).
- Emergency cash flow loan.

3.3.

The Council has also approved the undernoted financial commitments from the Coronavirus Response Fund:

- Up to £250,000 committed to support the aims and activity of the Economic Recovery Steering Group via APSIRE Orkney Limited.
- Up to £100,000 committed to cover the cost of first hour free parking in Council car parks from July to October 2021.

4. Coronavirus Response Fund

4.1.

As at 21 May 2021, a total of £3,102,533, as summarised in Appendix 1 to this report, has either been paid or committed from the Coronavirus Response Fund, leaving a balance of £1,897,467.

4.2.

As COVID-19 restrictions are expected to relax in the coming weeks, it is understood that the majority of the Scottish and UK Government support mechanisms will be wound down. It is however understood that some new financial measures are still to be announced by the Scottish Government to assist specific industry sector groups still considered to be in need of support. In addition, a local scheme for the Scottish Government's COVID-19 Orkney Discretionary Fund, confirmed at £688,792, is also in planning by officers to be launched as soon as possible.

4.3.

Since the start of the pandemic, significant levels of Scottish and UK Government funding have been disbursed locally, with over £16 million paid out via the Council alone. In addition to this and the remaining government support, the Council's Business Hardship Support Grant remains open for applications as does its COVID-19 Recovery Development Grant to support investment.

4.4.

Despite the significant levels of Government and Council financial support outlined above, it is still possible that there will be new COVID-19 recovery demands to support the business sector outwith the criteria of the formal schemes. As such, urgent requests would require responsive decision making to address such circumstances. It is therefore recommended that a level of delegation, up to a limit of £100,000 in respect of any application, be authorised to enable the Council to respond with agility if and when required during the recess period, namely 8 July to 22 August 2021 inclusive.

5. Corporate Governance

This report relates to the Council complying with governance as well as its response to the economic challenges arising from the COVID-19 pandemic. Efforts to support the Orkney Economy through the pandemic are considered in line with the Council Plan priorities.

6. Financial Implications

The financial implications are largely contained in the body of the report.

7. Legal Aspects

7.1.

Section 95 of the Local Government (Scotland) Act 1973, as amended, obliges the Council to make arrangements for the proper administration of its financial affairs.

7.2.

In terms of Section 20 of the Local Government in Scotland Act 2003, the Council has power to do anything which it considers is likely to promote or improve the well-being of its area and persons within it, or either of these. This includes power to give financial assistance.

7.3.

If grant or loan assistance is to be provided by the Council, a legally binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided, together with security documentation if required.

8. Contact Officers

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9. Appendix

Appendix 1: Coronavirus Response Fund Summary.

Coronavirus Business Hardship Support Fund

The following summarises the payments and commitments under the various approved Council grants and loans.

Grant.	Status.	Description.	Number of successful applications.	Total approved.
OIC funded Business Hardship Support Grant (Phase 1).	Open from 1 May, closed 8 December 2020	Grants of £5,000, £10,000 or £15,000 based on the employment level of business (including owners). For businesses facing financial hardship due to unavoidable and essential business expenses they are still facing as a result of the pandemic (topped by 10%).	74.	£455,000.
OIC funded Business Hardship Support Grant (Phase 2).	Open from 9 December 2020.	Grants of £2,500, £5,000 or £7,500 based on the employment level of business (including owners). For businesses facing financial hardship due to unavoidable and essential business expenses they are still facing as a result of the pandemic.	69.	£247,500.
OIC funded COVID-19 Business Support Top-up Grant at 10%.	Approved for schemes launched from 19 August to November 2020.	A one-off 10% supplementary grant for local business who have received grants from qualifying Scottish Government Coronavirus support schemes up to the Strategic Framework Business Fund.	Automatic payments or linked to applications noted above.	£1,081,267.
OIC COVID-19 Protective Equipment Grant.	Open from 19 August, closed 18 December 2020.	For those businesses who do not qualify for the 10% scheme above, there is a one-off grant up to a maximum of £500 for local businesses that serve the public for the purchase of safety screens or other	14.	£6,424.

Grant.	Status.	Description.	Number of successful applications.	Total approved.
		personal safety equipment purchased from 23 March 2020.		
OIC COVID-19 Recovery Development Grant.	Open from 19 August 2020.	A 50% grant up to a maximum of £10,000 to support local businesses to invest in new developments that address the existing and ongoing challenges of COVID-19 through developments that, for example, increase efficiency, enhance access to new markets and improve competitiveness, leading to future and sustainable business growth. Scheme approved up to £600,000.	60.	£600,000. (£432,409 awarded).
OIC Hotel Job Support Grant Scheme.	Open from 16 November 2020. Closed 31 March 2021.	A grant of £1,474 per demonstrably retained FTE post to help Hotel businesses retain a core winter team in terms of posts and key skills and avoid redundancy costs.	8.	£92,125.
OIC Sector support Project Support.	Determined by OIC.	Grants to specific sector groups for activities to benefit their members.	2.	£70,217.
OIC Emergency cash flow loans.	Open from 25 May 2020.	Loan finance in the form of secured loans of between £50,000 to £100,000, to assist local businesses experiencing cashflow difficulties as a result of the COVID-19 crisis.	2.	£200,000.
Total.				£2,752,533.

The Council has also approved financial provision from the Fund towards the following:

Support the aims and activity of the Economic Recovery Steering Group via APSIRE Orkney Limited.	£250,000.
To cover the cost of first hour free parking in Council car parks from July to October 2021.	£100,000.
Total Grants, Loans and funding provision as at 21 May 2021.	£3,102,533.
Residual from £5,000,000 Coronavirus Response Fund.	£1,897,467.