
LOCAL AUTHORITY COVID ECONOMIC RECOVERY FUND

Report by Director of Resilient Communities

EXECUTIVE COMMITTEE

13 September 2022

1 PURPOSE AND SUMMARY

- 1.1 This paper provides elected members with an update on additional funding from Scottish Government that has been allocated to Local Authorities to provide a flexible response to assist economic recovery and provide additional support for local businesses during the current financial year.**
- 1.2 Scottish Government announced an £80m Local Authority COVID Economic Recovery (LACER) fund in February 2022. The purpose of this funding was to help support local economic recovery and potentially provide additional funding for low-income households and local businesses. Scottish Borders Council was allocated funding of £1.724m for this purpose.
- 1.3 A report was taken to Scottish Borders Council in March 2022 recommending that £1.407m of this allocation be distributed immediately, leaving £317k of funding to be allocated for business support at a later date.
- 1.4 A report was taken to Scottish Borders Council in August 2022 which agreed £200k of financial support from reserves could be released to top up existing support to businesses, providing a total business support fund of £517k.
- 1.5 Following discussions with strategic partners, we believe the most appropriate and effective way to utilise the available funding is to work with South of Scotland Enterprise (SOSE) to establish an Emergency Fund that would provide immediate financial support to businesses where significant jobs are at risk in the Scottish Borders

2 RECOMMENDATIONS

2.1 It is recommended that the Executive Committee:

- a) Approves the allocation of £317k from the Scottish Government Local Authority COVID Economic Recovery Fund and the release of a £200k underspend from 2021/22 outturn**

from reserves to provide support to businesses during 2022/23;

- b) Agrees that officers work with colleagues in South of Scotland Enterprise (SOSE) to establish an Emergency Fund that will provide immediate financial support businesses where significant jobs are at risk in the Scottish Borders;**
- c) Delegates authority to the Director of Resilient Communities and the Chief Financial Officer to distribute the allocation identified in section 4 of the report; and**
- d) Agrees that officers will bring back a report to Elected Members at a later date that details the support provided to businesses.**

3 BACKGROUND

- 3.1 Scottish Government announced additional grant funding for Scottish Local Authorities in February 2022 through the Local Authority COVID Economic Recovery (LACER) fund.
- 3.2 The main purpose of this funding is to support local economic recovery and help address the cost of living impacts currently being experienced by low-income households.
- 3.3 Scottish Borders Council was allocated £1.724m of funding via the General Revenue Grant to be allocated and spent during financial year 2022/23.
- 3.4 It was acknowledged that Local Authorities were best placed to understand the needs of businesses and communities locally and therefore Scottish Government provided local authorities with the flexibility and discretion to allocate and deliver interventions, based on five key guiding principles:
- Principle 1: Interventions made under this fund should be based on economic recovery and/or low-income household support;
 - Principle 2: A collaborative approach towards sharing of best practice and learnings from different interventions should be adopted to maximise benefits;
 - Principle 3: Local Authorities may wish to allocate funding to interventions that support local economic recovery and enable businesses to move from surviving the period of trading restrictions towards recovery, growth, adaptation and resilience;
 - Principle 4: Local Authorities may wish to allocate funding to projects that can help rebuild consumer confidence and stimulate demand and economic activity; and
 - Principle 5: Local Authorities may wish to allocate funding to support the low-income households that have been disproportionately impacted by the pandemic as well as the current cost of living crisis.
- 3.5 A report was taken to Scottish Borders Council in March 2022 which allocated funding to three key proposals:
- A one-off payment of £150 to our lowest income households;
 - A payment of £100 to each child that was entitled to free school meals; and
 - Marketing for the Scotland Loves Local Gift Card to support independent retailers.
- 3.6 The report to Council indicated that a proposal for additional business support from the remaining allocation within the LACER Fund would be brought back to Elected Members once officers had identified the most

appropriate intervention. The funding still to be allocated during the current financial year is £0.317m.

- 3.7 A report was approved by Scottish Borders Council in August 2022 which indicated that £0.200m of financial support could be drawn from reserves to top up existing support to businesses. This provides a total business support fund of £0.517m.

4 PROPOSAL

- 4.1 The Scottish Government provided some initial guidance on the LACER Fund allocation which allows a flexible approach to be applied when designing and delivering interventions that best meet the needs of the Local Authority area.
- 4.2 Following discussions with strategic partners such as South of Scotland Enterprise (SOSE) we believe the most appropriate and effective way to utilise the £517k of available funding is to work with SOSE to establish an Emergency Fund to support Scottish Borders businesses in crisis. This fund would provide immediate financial support through the provision of a grant for vulnerable - businesses where a significant number of jobs (estimating 40/50 jobs in most cases) are potentially at risk due to the current financial crisis and these jobs can be retained and sustained in the region.
- 4.3 During the Covid-19 pandemic, SOSE worked closely with SBC to administer a range of Scottish Government funds to help businesses manage the financial impacts of the COVID-19 crisis, including leading on the establishment of the Scottish Wedding Industry Fund in collaboration with Scottish Enterprise and Highlands and Islands Enterprise.
- 4.4 In addition, to help complement national funds, SOSE also created and administered a number of its own funds to support businesses, communities and other projects in the South of Scotland. In particular, the SOSE Crisis Fund supported businesses and organisations that were in crisis as a result of COVID-19 but where jobs could be retained and sustained.
- 4.5 In addition to the proposed grant aid, SOSE would also offer wrap around support to businesses where appropriate to help ensure longer term business sustainability.
- 4.6 We understand that further National and Regional support is currently being discussed at a UK and Scottish Government levels, and we expect that additional support packages will be made available to other key business sectors and the general public in the near future.

5 IMPLICATIONS

5.1 Financial

- a) The LACER Fund, provided by Scottish Government allocated £80m to provide a flexible response to economic recovery and provide some

support for low income families and businesses during the current financial year.

- b) Scottish Borders Council's allocation for 2022/23 was £1.724m and is a one-off payment allocation. It was agreed by elected members that £317k from LACER would be allocated to support local businesses.
- c) An additional £200k from reserves is being allocated to top up the existing support for businesses, providing a total support fund of £517k.
- d) This Emergency Fund financial support will be ring-fenced by SOSE for investment in businesses in the Scottish Borders, and the investment will be additional to any future financial support made available nationally.

5.2 Risk and Mitigations

The key risk associated with this report is in the requirement for officers to allocate funding to suitable projects and schemes that will hopefully make a significant difference to businesses that are continuing to experience challenges through Covid-19 and the current cost of living crisis. If we do not consider the allocation of funding to suitable businesses during the current financial year, there is a risk that there will be a further impact on companies that are already at risk of financial hardship.

5.3 Integrated Impact Assessment

There are no direct implications associated with an Integrated Impact Assessment as the report is not proposing a change in policy or the formal adoption of a strategy, policy or plan. The key aspect of this funding is to try and reduce barriers to inequality, alleviate hardship and help to promote sustainable, inclusive economic development through the promotion of local business.

5.4 Sustainable Development Goals

These proposals are expected to deliver against the United Nations Sustainable Development Goals by helping to direct funding to companies and businesses and subsequently providing economic benefits that will help to sustain local communities throughout the Scottish Borders.

5.5 Climate Change

The intension of the funding is partly to help local businesses that have suffered during Covid-19 and the intension is for future proposals to help improve local supply chains, which in turn can help to reduce the need to travel, encourage local sustainable employment and to ultimately help local communities deliver in terms of the race to net zero.

5.6 Rural Proofing

The key focus of this funding is to try and encourage the viability of local businesses and retail outlets which are at the heart of communities in the Scottish Borders. The fund is also intended to deliver support to people who

may have been disproportionately impacted by Covid-19 and the pressures associated with the current cost of living crisis.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained within this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

There are no proposed changes to the Scheme of Administration or Scheme of Delegation.

6 CONSULTATION

6.1 The Acting Chief Financial Officer, the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and comments received will be incorporated into the final report.

Approved by

Jenni Craig
Director of Resilient Communities,

Signature

Author(s)

Name	Designation and Contact Number
Graeme Johnstone	Lead Officer
Sam Smith	Chief Officer for Economic Development

Background Papers:

Scottish Borders Council – Anti Poverty Strategy – Cost of Living Support – 25 August 2022;

Scottish Borders Council - Local Authority COVID Economic Recovery Fund – 31 March 2022.

Previous Minute Reference:

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Information can also be given on other language translations as well as providing additional copies.

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