



REPORT TO: MORAY COUNCIL 10 AUGUST 2022

SUBJECT: COVID ECONOMIC RECOVERY FUND

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1. REASON FOR REPORT

- 1.1 To inform the Committee of how the COVID Economic Recovery Fund has been utilised and to seek approval for the proposed allocations from the remaining funds.
- 1.2 This report is submitted to Committee in terms of Section III (2) of the Council's Scheme of Administration relating to long-term financial plans.

2. RECOMMENDATION

2.1 It is recommended that Council:-

- (i) notes the progress on the dispersion of the COVID Economic Recovery Fund; and**
- (ii) agree to re-allocate some of the funding between the Flexible Food Fund (£162,000) and a Sport and Culture Hardship Fund (£40,000);**
- (iii) agree to transfer any unspent balance as at 31 March 2023 into an ear-marked reserve.**

3. BACKGROUND

- 3.1 At the meeting of Moray Council on 6 April 2022, (para 15 of the minute refers) the Council agreed that the Covid Economic Recovery Fund would be distributed as £400,000 to the Flexible Food Fund, £400,000 to the Discretionary Business Support Fund and £410,000 for the Town Centre Capital business improvements and start-up grants.
- 3.2 The overarching policy intent of this funding that Local Authorities received was to support local economic recovery and the cost of living impacts on low-income households. The 5 guiding principles for this funding were as follows;

- Interventions made under this fund should be based on a clear economic recovery and/or low-income household support rationale.
- A collaborative approach towards sharing of best practice and learnings from different interventions should be adopted to maximise benefits and positive effects while minimising risk and unintended consequences.
- 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 building resilience.
- Local Authorities may wish to allocate funding to projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific context.
- Local Authorities may wish to allocated funding to support the low income households, that are disproportionately impacted by the pandemic and there current cost of living crisis, become more economically active.

3.3 A summary update on the allocated funding is as follows;

- **Flexible Food Fund (FFF)** – Demand on the fund continues to be busy due to the latest cost of living crisis and some additional demand from the resettlement of Ukrainian refugees. Claimants are entitled to receive two monthly payments which represent a contribution towards food and fuel costs. The amounts awarded vary depending on the number of adults and children in each household. Claimants must be in receipt of means tested benefits which confirms evidence of low income households. The second payment is awarded on condition of working with the Money Advice Moray team to maximise benefit income, receive help with budgeting and managing bills and debts. As at the end of June 2022, £60,000 has been committed so far mainly towards first payments. It is a familiar pattern experienced over the past two years that FFF payments slowly build up from the start of a financial tranche as claims increase and second payments to households follow. To put into context, in the last quarter of 2022/23 alone, £248K was spent whereas £158K was spent during the previous 9 months. Consequently it is fully expected that spending will increase, coupled with the continuation of the cost of living crisis, further fuel increases in the Autumn and the onset of colder weather, it is expected that the fund will be fully utilised. **Appendix 1** of this report provides background information on the Flexible Food Fund along with the expenditure and demographics of households awarded this support over the first two years of the fund.
- **Discretionary Business Support Fund** – providing a one-off grant of £6,000 to businesses affected by the December 2021/January 2022 Covid-19 measures. Businesses should be from Hospitality and Leisure including Retailers which offer Hospitality, Supply Chains, Events and Close Contact sectors and have been unable to get any further financial support from any of the administrative public bodies since December 2021. Out of 113 applications, 33 have been approved at a total of £198,000

grants. Of those not been successful the main reasons were that they had already received grants, ineligible sectors and / or not being affected by any restrictions. It is unlikely at this stage further eligible applications would come forward.

- **Town Centre capital business improvements and start-up grants** - So far 33 applications have been received for the Capital Business Improvement Grants seeking investment of up to £15,000 with providing 25% match funding. 23 requests have been approved committing up to £345,000 in total. 12 start-up applications have been received for grants of up to £10,000 providing 50% match funding with 3 approvals for up to a total of £30,000. The reasons for unsuccessful applications have been that either works had already started or the business was not located in a town or village centre. It is expected that these funds will fully utilise their allocation based on the current level of enquiry.

3.4 It is proposed to re-allocate the £202,000 left from the Discretionary Business Support Fund into the Flexible Food Fund (£162,000) and a new Sport and Culture Hardship Fund (£40,000). The reason for this request is due to the greater demand to support financial hardship across the Moray area. As is noted above the Flexible Food Fund is already in high demand due to the cost of living crisis and resettlement of Ukrainian refugees with 15% of their allocated funding committed within less than a two month period.

3.5 It is proposed to allocate £40,000 to a Sport and Culture Hardship Fund which would be used to support children and young people under 18 years to access funding for leisure and recreation opportunities outwith the school setting. Research shows that there is an increase in the number of children and young people unable to join sports clubs, music groups, and art/culture/digital activities due to financial hardship. Under the United Nations Convention on the Rights of the Child, every child has the right to relax, play and take part in cultural and artistic activities. They also need to have the ability to develop their personality, talents and mental and physical abilities to the full. The ability to participate in extra-curricular groups or informal leisure opportunities is crucial to a child's development and this fund would support those experiencing hardship.

3.6 The feedback from parents and children following the Summer of Play Scottish Government funding in 2021 also supports this type of hardship fund. Key successes of this programme included;

- Provided food and activities for young people and families who otherwise would not have been able to access/afford them.
- Children and young people reported improved confidence and wish to engage in a wider range of community activities.
- Improved family relationships through allocation of direct payments to families.
- Increase in self-confidence and self-worth as families could access the same opportunities as others.
- Children and young people valued being listened to and provision being designed with and for them.

- Families welcomed the trust placed in them to spend the funding on opportunities of their choosing. Many were both surprised and grateful that funders were placing importance on meeting their needs.
- 3.7 Criteria have been created for this proposed Sport and Culture Hardship Fund and is included in **Appendix 2**. The criteria aligns with the flexible food fund to ensure a consistent approach in regards to financial hardship.
- 3.8 An alternative option would be to reallocate the £202k underspend from the discretionary business support fund to the town centre capital business improvements and start up grants fund which would allow continuation of this fund. With the current staffing levels and workloads in the economic development team it would be difficult to take on this work without additional staffing resource.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This report contributes to the Corporate Plan priority of 'Our People' – providing opportunities where young people can achieve their potential to be the best they can be and helping to improve the health and well-being for the people of Moray.

This report contributes to the Moray LOIP priority areas of building a better future for our children and young people in Moray and improving the wellbeing of our population.

(b) Policy and Legal

Improving the health and wellbeing of the Moray community through sport, leisure and recreation is not only an integral part of the local vision, but it is also a national priority.

(c) Financial implications

This report requests that £202,000 of the Discretionary Business Support Fund that is left is transferred into the Flexible Food Fund (£162,000) and a new Sport & Culture Hardship Fund (£40,000) to cater for increasing demand/need or to continue the town centre capital grants and start up fund by allocating the £202k underspend to it.

This funding comes to the Council as General Revenue Grant which means it is not ring fenced and technically can be used as the Council wishes. In order to ensure that the funding is used in its entirety for the wider purposes originally identified, it is recommended that any underspend as at 31 March 2023 is transferred to the Covid ear-marked reserve.

(d) Risk Implications

There are no risk implications connected to this report.

(e) Staffing Implications

The Flexible Food Fund would continue to be administered through the Benefits and Money Advice team. The Sport & Culture Hardship Fund would be administered through the existing Sport and Culture Service.

In regards to the Town Centre Capital grants option, the Economic Growth and Regeneration team has been working beyond capacity for some time, the levels of funding and projects currently being worked on is not sustainable and is likely to result in a budget pressure to increase staffing resources.

(f) Property

There are no property implications connected to this report.

(g) Equalities/Socio Economic Impact

This report impacts positively on ensuring equality across the Moray area.

(h) Climate Change and Biodiversity Impacts

There are no direct implications for climate change and biodiversity arising from the proposals.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Economic Growth and Regeneration Manager, the Legal Services Manager, the Chief Financial Officer and Tracey Sutherland, Committee Services Officer have been consulted and comments received have been incorporated into the report.

5. CONCLUSION

5.1 The discretionary business support fund is underspent, the remaining funds can still be spent for similar purpose and without time restrictions, and the report provides options for members to consider how to reallocate the available funding.

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Background Papers:

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