

REPORT TO: East Lothian Council

MEETING DATE: 29 March 2022

BY: Executive Director for Place

SUBJECT: Allocation of Local Authority COVID Economic Recovery Fund (LACER) 2022/23

1 PURPOSE

- 1.1 To outline and make recommendations for the use of the Economic Development element of the 2022/23 Local Authority COVID Economic Recovery Fund (LACER Fund), and ;
- 1.2 To update Council on the 2021/22 ELC COVID Business Recovery Investment Fund.

2 RECOMMENDATIONS

- 2.1 In line with the LACER Fund guidance (Appendix 1):
 - That Council adopts the approach and measures outlined in sections 3.7 to 3.9 of this report, and;
 - That the LACER funding be managed flexibly, by the Economic Development Service, in response to feedback, evaluation, and changing economic conditions through 2022/23, within the targeted areas for intervention identified in this paper.
- 2.2 That Council notes the progress made with the Business Recovery Investment Fund 2021/22 (Appendix 2) and those areas where funds will be carried forward to 2022/23 to continue supporting businesses and the East Lothian economy.

3 BACKGROUND

- 3.1 Following CoSLA Group Leaders agreement, funding of £80m was announced by the First Minister on 21st February to further support economic recovery from COVID-19 during 2022/23.

- 3.2 The CoSLA Settlement and Distribution Group recommended at their meeting on 17 February that the funding be included in the Local Government Finance Order and paid as a Redetermination at the end of March 2022. This gives the Council flexibility beyond the end of March 2022 to utilise the funding and also the ability to respond to local need.
- 3.3 The stated policy intent of this funding is to support local economic recovery and cost of living impacts on low-income households. It is acknowledged by the Scottish Government that local authorities are best placed to understand the needs of businesses and communities locally and have therefore been given flexibility to design and deliver interventions that best meet local need. Further guidance on the fund is set out in Appendix 1 - Local Government Finance Update Addendum - £80m Local Authority COVID Economic Recovery Fund.
- 3.4 The allocation to East Lothian Council is £1,517,000, in turn allocated equally between economic development activities and support for low-income households.
- 3.5 It has been previously agreed as part of the budget-setting process that the economic development component of the LACER Fund (£758,500) shall include an allocation to 'support small businesses' of £100,000.
- 3.6 The LACER Fund guidance (Appendix 1) states that local authorities are at liberty to decide on multiple interventions at different points as locally appropriate, but spend under the LACER Fund must meet one or more of the Principles of Spend:
- Interventions that support local economic recovery and contribute to businesses being able to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building resilience.
 - Projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific contexts.
 - Support the low-income households that are disproportionately impacted by the pandemic and the current cost of living crisis, become more economically active.
- 3.7 Key to successful delivery of the funding and to supporting the local economy through recovery is the flexibility described above in 3.6. To this end a set of broad interventions are proposed in section 3.9 that can be flexed over the course of 2022/23 in response to take-up, business feedback, changing economic conditions, and ongoing evaluation. Proposals focus on providing expert support linked to grant funding for the implementation of individual projects/proposals that will support East Lothian Businesses and the local economy. All funds will be subject to a suitable application and evaluation process.
- 3.8 During 2021/22 the Council made available an additional £600,000 of funding to support business recovery and resilience and address COVID-

19 specific issues, the Business Recovery Investment Fund (BRIF) helped put in place the building blocks of recovery, e.g. supporting consumer confidence during reopening through its Stay Safe – Support Local messaging, grants paid directly to businesses/sector organisations to support resilience and reopening, the development of supporting infrastructure, e.g. the new Visit East Lothian to help to manage pressure on coastal areas and redesigned Visit East Lothian website. Progress on the 2021/22 fund is detailed in Appendix 2, at time of writing £175,774 is due to be carried forward to 2022/23 to continue support for businesses under that fund. The proposed allocation of the LACER Fund builds on the experience and feedback gathered during 2021/22 and continues our focus on moving on from COVID-19 towards recovery, growth, adaptation, building resilience, and the transition towards net-zero.

- 3.9 It is proposed that the economic development element of the LACER Fund is allocated on the following basis, to be subject to ongoing review by the Economic Development Service. As noted above, these interventions build on the activities funded by the Council's BRIF 2021/22, the expert help constancy and business growth grant elements are re-funded under LACER to supplement funds carried forward from 2021/22 (£50,000 and £74,000 respectively). Other ongoing interventions from the 2021/22 funding will continue until allocated funds are expended, see Appendix 2 for a full summary of the 2021/22 fund. Note that interventions are designed to work together, i.e. support via Business Gateway and the expert help consultancy will help businesses build proposals/projects linked to the employability support, or implementation and growth grants.

Intervention	LACER 22/23
<p>Business Gateway Expert Help Consultancy</p> <p>Building on high-quality support provided by East Lothian Business Gateway, provide tailored business advice and support via expert consultants, e.g. innovation/NPD, import/export, financial planning, HR management and fair work practices, transition towards net-zero. This supports the development of Implementation or Growth grant applications to take forward projects/proposals that support recovery and business sustainability.</p>	£10,000
<p>Small Business Project Implementation Grants</p> <p>Provide grant support to small businesses (0-49 employees) linked to expert help consultancy (above) to implement projects.</p>	£100,000
<p>Business Start-up Grants</p> <p>Provide start-up grants to new businesses utilising the East Lothian Business Gateway Service.</p>	£100,000

Business Growth Grants Provide grant assistance to support increased employment, business growth, business resilience/ sustainability, and transition towards net-zero.	£220,000
East Lothian Signature Events Grants Provide grant assistance for up to four key local East Lothian events through 2022/23 where significant economic outcomes can be evidenced.	£80,000
Employability Support Provide grant support to local businesses to recruit low income East Lothian residents and work with key sectors to improve skills pathways and address local shortages.	£248,500
Total	£758,500

4 POLICY IMPLICATIONS

4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial – none, the interventions described above are fully funded by the allocated Scottish Government Grant.

6.2 Personnel – management of the funding can only partly be absorbed using existing staff resource. It is proposed to establish a temporary Economic Development Officer post within the Service utilising COVID-19 administration funding already received.

6.3 Other – none

7 BACKGROUND PAPERS

7.1 Appendix 1 - £80m Flexible Local Authority COVID Economic Recovery Fund Guiding Principles

7.2 Appendix 2 – ELC COVID-19 Business Recovery Fund (BRIF) 2021/22 summary as at 10/03/2022.

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£80m Flexible Local Authority COVID Economic Recovery Fund
Guiding Principles

£80m Flexible Local Authority COVID Economic Recovery Fund

COSLA Leaders and Ministers have agreed an £80m Local Authority COVID Economic Recovery Fund ('fund') to be provided to Councils in 2021/22. This funding is flexible and ultimately is designed to empower local authorities to utilise funding where they consider this necessary or justified based on local circumstances.

The guiding policy intent of this funding is to support local economic recovery and cost of living impacts on low-income households. It is acknowledged that Local Authorities are best placed to understand the needs of businesses and communities locally and therefore will need flexibility to design and deliver interventions that best meet that local need. Joint guiding principles to support flexible usage are set out below.

Joint Guiding Principles

This fund is provided to Local Authorities via General Revenue Grant, so that it can be used for appropriate interventions in Covid economic recovery based on individual local needs at Local Authority discretion. As such, Council's will retain flexibility on how and when they use these funds.

However, below are set out the draft high-level principles that could **guide** the usage of this fund by Local Authorities. Some illustrative examples are noted in Annex A:

Overarching guiding principles:

- 1.1 Interventions made under this fund should be based on a clear economic recovery and/or low-income household support rationale.
- 1.2 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

Principles of spend (Local Authorities may wish to allocate funding based on one or more of the following):

- 1.3 Interventions that support local economic recovery and contribute to businesses being able to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building resilience
- 1.4 Projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific contexts
- 1.5 Support to low-income households, that are disproportionately impacted by the pandemic and the current cost of living crisis, become more economically active

The principles of spend outlined above are to be used as a guide, with Local Authorities ultimately able to utilise this funding flexibly, as required. Local Authorities are able to decide on multiple interventions at different points as locally appropriate.

Reporting

Scottish Government and Local Government officers will work to agree the terms of qualitative and quantitative data reporting to enable Local Authorities to share learnings with the Scottish Government. This is intended to enable learning from the opportunity this £80m represents to inform future policy development, particularly regarding local interventions which jointly sought to address economic recovery and support to low-income households.

ILLUSTRATIVE EXAMPLES OF POSSIBLE INTERVENTIONS

These are a non-exhaustive list intended to guide and assist in local thinking. Innovative interventions not covered which meet the principles are encouraged.

Overarching guiding principles:

Principle 1: Interventions made under this fund should be based on a clear economic recovery and/or low-income household support rationale.

Examples:

- LAs may consult with local business stakeholders to determine best interventions in their respective context
- LAs may have light-touch local sectoral analysis of funding to show link with economic need, which could build on similar examples such as the template for evaluation of the flexible funding element of the Winter Support Fund
- LAs may have targeted intervention at those known to have been impacted most by the pandemic and/or any EQIA

Principle 2: 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

Examples:

- Presentation at COSLA-SLAED-SG Business Grant 'Project Group' and other relevant forums

Principles of spend (Local Authorities may wish to allocate funding based on one or more of the following):

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 building resilience

Examples:

- Business Improvement Districts
- Place Based Investment Programme
- Scotland Loves Local or local equivalent scheme
- Targeted direct financial support to local businesses

- Targeted joint work or support on a sectoral basis for sectors that are particularly important for the local economy
- Improving digital access for businesses and consumers
- Expanding or enhancing existing economic development activity
- Funding for continuing COVID compliance, adaptation and resilience officers

Principle 4: Local Authorities may wish to allocate funding to projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific context

Examples:

- Providing pre-paid vouchers, Scotland Loves Local cards or local equivalents to low-income households, such as those in receipt of Council Tax Reduction and other low-income households.
- Direct assistance to access food, fuel and other essentials – where this is more appropriate or is the preference of individuals themselves – with contracts supporting local businesses / organisations.

Principle 5: Local Authorities may wish to allocated funding to support the low-income households, that are disproportionately impacted by the pandemic and the current cost of living crisis, become more economically active

Examples:

- Proactive financial assistance to low-income households, for example households in receipt of Council Tax Reduction and/or Free School Meals on the basis of low income. Providing pre-paid vouchers, Scotland Loves Local cards or local equivalents to low-income households, such as those in receipt of Council Tax Reduction and other low-income households.
- Proactive financial assistance to support those likely to experience hardship – including people who may have been impacted by the cut to Universal Credit and those who may not be eligible for mainstream or other support.
- Proactive financial assistance to a particularly vulnerable group, e.g., older people in low-income households.

Appendix 2 Businesses Investment Recovery Fund 2021/22 summary as of 10/03/22

	£ Budget	£ Allocated	Intervention	Notes
Tourism				
Grants for Sector Groups	100,000	100,000	Funds primarily aimed at sector groups supporting tourist activity.	Funds awarded equally to East Lothian Attraction Group & East Lothian Golf Tourism Alliance for activity in 2021/22 (£30,000) and 2022/23 (£20,000).
Destination Visitor Marketing	30,000	30,000	Work with Visit Scotland to identify new campaigns for 2021/22.	
Visit East Lothian Website	25,000	25,000	Full review and redesign of VEL Website for spring 2022 launch.	
Visitor Management	29,000	29,000	With Edinburgh University, develop Visit East Lothian app to help manage pressure from visitors.	
Towns and Villages				
ELI Gift Card expansion	15,000	15,000	"Load this card" roll-out and gift card marketing	
SOLE Digital Communities pilot	42,500	57,000	Match funding for Scottish Tech Army contingent on sourcing sufficient funds for further piloting.	Funding of £424,500 awarded by UK Government via UKCR Fund. Match funding increased June 2021 to ensure full coverage of all communities over 3 years.
Trader Group funds	9,000	6,000	Funds allocated directly to established trader groups.	c/f balance to 22/23 for allocation to Tranent and Prestonpans
Towns and Villages Fund	36,000	18,000	Open application process for activities and initiative in towns and villages.	Underspend to SOLE project match (£14,500), Inspire publication (£2,726)
Support road licensing fees	5,000	2,000	Funds to support road/pavement occupation licences for new initiatives by businesses / traders groups.	c/f balance to 22/23
Town Centre Investment Support	22,500	22,500	Town centre healthcheck studies to be completed via Scotland's Towns Partnership.	
Business Support and Growth				
Expert support to businesses	60,000	10,000	Design and procure expert support for businesses to supplement Business Gateway and ERDF.	c/f balance to 2022/23 to continue support.
Business grants	100,000	26,000	Establish grants to promote business growth and sustainability.	Most projects delayed by further COVID uncertainty. Test introduction of start-up grant Feb 2022 proving successful, c/f forward balance to 2022/23 to support businesses.
Rural Economy				
Rural Toilet Provision	23,500	23,500	Funds to support FM capacity during 2021/22.	
FEAST Lothian event	20,000	20,000	Develop FEAST Lothian food and drink festival concept.	FEAST at Gosford Winter Wonderland successfully delivered.
Drive Digital Connectivity	60,000	15,000	Not-spot identification & demand stimulation.	c/f funds for delivery in 2022/23.
Love East Lothian Marketing				
Inspire newspaper	10,000	12,726	"Inspire" newspaper focused on economic recovery and shop local messaging.	Issued to all East Lothian addresses in Feb 2022, included EL Gift Card giveaway 20x £50 cards.
Employability				
Careers Event	2,500	2,500	Deliver careers event to support employers.	
Vocational Hospitality Training	10,000	10,000	Provide funding for skills training in hospitality sector.	
TOTAL	600,000	424,226		
	c/f	175,774		