

<b>Agenda Item</b>	<b>11</b>
<b>Report No</b>	<b>HC/17/22</b>

## THE HIGHLAND COUNCIL

<b>Committee:</b>	<b>Highland Council</b>
<b>Date:</b>	<b>30 June 2022</b>
<b>Report Title:</b>	<b>Local Authority Covid Economic Recovery (LACER) Funding</b>
<b>Report By:</b>	<b>Chief Executive</b>

### 1. Purpose/Executive Summary

- 1.1 Funded by the Scottish Government, a one-off £80m Local Authority Covid Economic Recovery (LACER) fund has been provided to Councils. This funding is flexible and is designed to enable local authorities to utilise funding where it is considered necessary or justified based on local circumstances to support local economic recovery and cost of living impacts on low-income households.
- 1.2 The Highland Council has been allocated non-recurring LACER funding of **£3.639m**.
- 1.3 This report proposes appropriate allocation of this funding to support businesses and low-income households and is summarised in table format in Appendix 1 to this report.

### 2. Recommendations

- 2.1 Members are invited to

**Note**

- i. that the Highland Council's LACER funding is non-recurring;
- ii. that the proposed support for business is in addition to business grant provision for economic recovery, growth and resilience;
- iii. the ongoing measures and activities being undertaken to maximise households' incomes. This includes removing complex application processes, using well-established referral pathways, making best use of social media and the Council's website, and through the effective and well-established collaboration between the Council's Welfare Support team and Citizens Advice.

## **Agree**

- i. that £0.210m be provided on a non-recurring basis for regulatory compliance by businesses through increased support and online services from Environmental Health and Trading Standards;
- ii. to provide a non-recurring £3.429m package of welfare support for households most disproportionately impacted by the pandemic; and
- iii. the welfare eligibility criteria, payment arrangements and timescales for making payments, as set out in section 9 of this report.

## **3. Implications**

- 3.1 **Resource:** Resource requirements are set out in this report and if approved will fully commit the Council's non-recurring £3.639m allocation of LACER funding.
- 3.2 **Community (Equality, Poverty and Rural):** The proposals set out in this report will help support regulatory compliance by local businesses thus enabling continued trading within and across communities. The proposed welfare package of support will help mitigate inequalities, poverty and disadvantage.
- 3.3 **Legal:** The proposed spend of this LACER fund aligns with the guiding principles and discretionary nature of local and flexible decision making.
- 3.4 **Risk:** There may be a risk that families experiencing distress and trauma require more support than is proposed in this report. To mitigate this risk, the Council's Welfare Support Team and Citizens Advice will first ensure that all other sources of support are maximised for individual households.
- 3.5 **Climate Change/Carbon Clever:** The proposed measures being taken by Environmental Health and Trading Standards include enhancing online services thus reducing paper. Wherever possible, the Service Delivery Team will engage electronically with those eligible to receive welfare payments.
- 3.6 **Gaelic:** There are no specific Gaelic implications directly arising from this report.

## **4. Overarching Guiding Principles**

- 4.1 Interventions made under this fund should be based on a clear economic recovery and/or low-income support rationale.
- 4.2 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.

## **5. Principles of Spend**

- 5.1 Having assessed local need, the following spend principles underpin the design of the proposed package of support for businesses and low-income households.
- 5.2 To provide interventions focused on local economic recovery by supporting businesses to achieve and maintain regulatory compliance thus helping businesses to move from surviving the period of trading restrictions towards recovery, building resilience and compliance.

- 5.3 To help rebuild consumer confidence and stimulate demand, provide financial support and energy advice for low-income households who are disproportionately impacted by the pandemic, the current cost of living crisis and spiralling energy and fuel costs.

## **6. Reporting Requirements**

- 6.1 The Scottish Government and Local Government officers will work together to agree the terms of qualitative and quantitative data reporting to enable local authorities to share learning with the Scottish Government. This is intended to enable learning from the opportunity LACER funding represents to inform future policy development, particularly regarding local interventions which jointly seek to address economic recovery and support to low-income households.

## **7. The Highland Context**

- 7.1 Highland businesses continue to focus on recovery, growth, adaptation and business resilience in order to rebuild and expand their customer base and to meet the changing needs of consumers in terms of spending decisions, investment ability and disposable incomes
- 7.2 Business Gateway Highland can provide £1,000 start-up grants for business ideas or expansion proposals which require investment finance. Business Gateway will discuss business plans, provide advice on a wide range of funding packages, and manage access to the Council's grant schemes and loan finance from Highland Council's UK Financial Conduct Authority approved loan company - Highland Opportunity (Investments) Limited.
- 7.3 For businesses already operating in the Highland Council area there is also support through the growing business fund, which provides specialist advisory support and financial packages of up to £40,000. The growth support is aimed at helping existing Highland businesses grow faster, whilst stimulating the Highland economy through profitability and employment. Work is also currently underway to prepare an Investment Plan for the UK Government Shared Prosperity Fund. As one of the three priorities is to Support Local Businesses, it is anticipated that this Fund will add value to the wider package of support available for businesses.
- 7.4 In March 2022, the Council launched a further Discretionary Business Grant Scheme, which provided grants of £500 and up to £2,000 for businesses that experienced at least a 20% reduction in trade during the December 2021 and January 2022 period due to the COVID-19 restrictions and guidance to control the Omicron variant. In total £3,933,566 has been disbursed from the Discretionary Grant Fund, leaving a further £3,085,685 to be disbursed. Work continues to determine how best to utilise this residual funding to best effect for affected businesses. Together with the other COVID-19 grants managed by the Council during the pandemic, £200,147,005 has disbursed to over 8000 Highland businesses.
- 7.5 All consumers are impacted by inflationary increases, unprecedented energy cost increases, and other influences that are informing their spending choices. Low-income households were disproportionately impacted by COVID-19 and continue to be disproportionately impacted by the current economic climate. Low-income households' spending decisions are increasingly more difficult to make. These are resulting in new and spiralling debts, increased risks of becoming homeless, relationship breakdown, and negative impacts on physical and mental health and wellbeing. The UK Government recently announced an energy relief package for

households, which will mean all households will be credited with £400 to reduce their electricity bills from October 2022 onwards. The UK Government is also committed to paying a total of £650 directly to low-income households, paid over 2 instalments – payment dates are to be announced; £300 for pensioner households in Nov/Dec 2022 as a top-up to the Winter Fuel Payments; and £150 from September 2022 for those receiving disability benefits.

- 7.6 The following proposed one-off package of relief for both businesses and low-income households fully commit the Council's LACER allocation of £3.639m. These proposals have been designed to focus support where there is the most immediate identified need while achieving the greatest immediate impact. A summary table of the proposed use of LACER funding is provided at Appendix 1 to this report.

## **8. The Highland Council's Proposed Support for Business**

- 8.1 It is proposed to allocate **£0.210m** non-recurring funding to support economic recovery through environmental health and trading standards. This proposal complements and is in addition to business grant support for economic recovery, growth and resilience.

- 8.2 The Council's Environmental Health and Trading Standards teams have a core role supporting local businesses to meet their regulatory requirements while ensuring a level playing field for trade. This is an ongoing commitment supporting the Scottish Government's Better Regulation principles and the Scottish Regulators' Strategic Code of Practice. The benefits of this approach were clearly demonstrated throughout the pandemic when both teams were able to ensure public safety by providing advice and support to businesses to enable continued trading, while meeting the legal requirements of the COVID-19 restrictions.

- 8.3 In line with other Councils, one-off LACER funding of £0.210m is being recommended to enable the teams to provide greater assistance to Highland businesses in their recovery from COVID-19. This funding will significantly increase the assistance the teams can provide to local businesses, supporting wider economic delivery.

- 8.4 The recommended funding of £0.210m will support the proposals below, including on-costs:

1. Extension of an existing temporary Environmental Health Officer post. This post provides public health advice to local businesses including cost-effective compliance solutions. A 16-month extension from December 2022 through to the end of March 2024 is proposed.
2. Establishment of two temporary Environmental Health Operational Support Officer posts. The posts will have a key focus on review and improving environmental health procedures and processes. Improvements in efficiency will allow the team to respond quicker and to greater numbers of businesses. Improvements will include enabling greater mobile working options and improving response times.
3. Establishment of a temporary Trading Standards Operational Support Officer post. The post will focus on improvements in our online support for businesses via the Council's website and social media, and to engage with businesses and trade bodies on possible improvements. This will support greater digital access to the services provided by Environmental Health and Trading Standards teams.

8.5 The Environmental Health team has responsibility for over 5,000 food businesses, more than 5,000 agricultural holdings for animal health and welfare, and more than 1,500 commercial activities on private water supplies. The Trading Standards team has responsibility for over 12,000 Highland businesses in the retail, wholesale, and manufacturing sectors.

8.6 These proposals will support businesses with their regulatory compliance, economic recovery, and ensure fairness for all Highland businesses.

## **9. Proposed Support for Low-Income Households**

9.1 Proactive financial assistance of **£3.429m**, on a non-recurring basis, is proposed to support low-income households. This welfare support package will provide assistance for those most disproportionately impacted by the current economic climate and those most vulnerable to disadvantage and poverty. This includes but is not limited to lone parents, older people, households with young children, individuals with disabilities, those who are out of work, carers, and those in employment who are reliant upon benefits and tax credits to top-up their incomes.

9.2 LACER welfare payments will be administered by the Service Delivery Team within the Revenues & Business Support section. Using welfare records already held by the Council, households who are eligible to receive the proposed Cost of Living Support and the Living Support for Vulnerable Children and Young People will receive payments automatically without the need to complete and submit application forms.

9.3 Payments will be made by BACS as this is a tried and tested method of payment for those receiving welfare payments from the Highland Council, Social Security Scotland, and the Department for Work and Pensions (DWP). Each eligible person will be contacted to confirm eligibility and the bank details already held for welfare purposes. An online form is already available on the Council's website to update or supply bank details and includes an opt-in option for energy advice from Citizens Advice. Where bank details are available, the Service Delivery Team will aim to make payment by 31 August 2022. It is estimated that more than 22,000 payments will be made. This approach provides for the administration involved in making payments, accommodates the time take for customers to respond, and spreads the timing of LACER payments and other welfare-related payments over a number of months. In the event that eligibility has been identified, but bank details have not been provided following reminders, the amount due will be credited to the individuals' council tax accounts. This secures payment(s) for eligible individuals and ensures those entitled receive their award.

### **9.4 *Living Support for Vulnerable Children and Young People (P1-S6)***

4,725 children and young people (P1-S6) are receiving school clothing grant payments. Eligibility for the proposed Living Support for Vulnerable Children and Young People will be based on school clothing grant entitlement as at 31 May 2022. This date has been selected as it aligns with the Scottish Government's eligibility date for other welfare-related payments for summer 2022 and is therefore familiar to recipients. It is proposed to make a one-off payment in respect of each eligible child or young person of £125, requiring an allocation of **£0.591m**.

### **9.5 *Cost of Living Support***

17,600 council tax payers are receiving some form of reduction from their council tax bills through means-tested Council Tax Reduction or exemptions from Council Tax based on personal circumstances. These personal circumstances are set out in

Council Tax legislation as (a) individuals with a Severe Mental Impairment, (b) those who are not residing in their main home as they are providing or receiving care elsewhere, and (c) those who are aged under 18 who are liable for Council Tax. Eligibility for the Cost of Living Support payments will be based on these reductions as at 31 May 2022 for those with a council tax liability. It is proposed to make a one-off payment of £145 to each eligible council tax payer, which will require an allocation from the LACER fund of **£2.552m**. Some households will be eligible for payments from the Living Support fund for Vulnerable Children and Young People, and the Cost-of-Living Support fund, ie payments of £145 and £125. Those who are receiving a Council Tax discount, for example a 25% single occupancy discount, will not be eligible for a Cost of Living Support payment based on their council tax discount, but may be eligible based on Council Tax Reduction entitlement.

#### 9.6 ***Families Experiencing Distress and Trauma***

This fund is intended to provide further support for those households who have an identified need and are unable to access a Crisis Grant from the Scottish Welfare Fund or other sources of financial and non-financial support. Households in and out of work, those with children and older people are examples of those who will have access to the fund. Sources of referrals will include Elected Members and Council Directorates. The Service Delivery team within Revenues & Business Support is well-experienced in managing discretionary funds and will use their expertise to consider the individual circumstances of households when deciding whether an award should be made, and the award level. It is proposed to make up to **£0.115m** available for this purpose.

#### 9.7 ***Energy Advice – Citizens Advice***

This resource would help provide energy advice for citizens. This includes but is not limited to advice about energy tariffs, energy efficiency advice, arrears, accessing grants, etc. It is anticipated that this resource, supported by volunteers, will enable Citizens Advice to support around 1,000 households. The Welfare Support team will refer households who have opted for energy advice to Citizens Advice. It is proposed to allocate **£0.025m** for energy advice provided by Citizens Advice.

#### 9.8 ***Welfare Support Advice and Administration of Payments***

Demand for Welfare Support from the Council's Welfare Support team continues to increase, and casework is increasingly more complex as households' finances are under increasing pressure. It is proposed to allocate **£0.146m** to temporarily increase the Welfare Support team by 3 FTEs who fulfil a range of welfare duties, including supporting benefit take-up and to provide 1 FTE for administration and management of the proposed LACER payments which will exceed 22,000.

### 10. **Benefit Take-up and Income Maximisation**

10.1 The Council actively promotes benefits, entitlements and the availability of advice and support in order to maximise take-up and households' incomes. For example, the Council's Health Visiting and Welfare services were awarded a Scottish national financial inclusion award in 2021/22 for their collaborative approach, developed referral pathways and positive outcomes for family incomes. Established referral pathways are also in place across Council Directorates and with partners, including NHS and the third sector.

10.2 The collaboration between the Council's Welfare Support Team and Council-funded advice services provided by Citizens Advice is another example of leading practice and in 2020/21 secured financial gains, which include some COVID-related payments,

of £21.6m for Highland households. These gains support the individual recipients and provide local economic benefits for businesses.

Designation: Chief Executive

Date: 15 June 2022

Author: Sheila McKandie, Interim Head of Revenues & Business Support

Background Papers: Local Government Finance Circular 1/2022

## Local Authority Covid Economic Recovery Funding (LACER)

## The Highland Council's non-recurring allocation - £3.639m

<b>Activity</b>	<b>Proposed Allocation</b>
Support for Business – Environmental Health and Trading Standards	£0.210m
Living Support for Vulnerable Children and Young People (P1-S6)	£0.591m
Cost of Living Support	£2.552m
Families Experiencing Distress and Trauma	£0.115m
Energy Advice – Citizens Advice	£0.025m
Welfare Support and Administration of Payments	£0.146m
<b>Total amount allocated</b>	<b>£3.639m</b>