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MEMORANDUM E (20) 247 (C)

FROM: CONOR MURPHY, MLA MINISTER OF FINANCE

DATE: 15 OCTOBER 2020

TO: EXECUTIVE COLLEAGUES

**FINAL EXECUTIVE PAPER - EXTENSION OF THE FINANCIAL SUPPORT
AGREED FOR DERRY CITY AND STRABANE DISTRICT TO ALL AREAS**

1. The Executive has agreed my proposals for the financial support package for Derry City and Strabane District Council area. A copy of my paper detailing the support for Derry and Strabane District Council area is attached for ease of reference. The scheme opened to applications at 11.00am on 14 October and approximately 160 applications had been received as of 11.00 am today.
2. At our meeting on 13 October, we agreed to introduce new restrictions in all districts with effect from this coming weekend. I propose that the scheme agreed for Derry and Strabane should be extended to all districts.
3. The regulations to allow the financial assistance to be paid to businesses in Derry and Strabane have been made. As I previously advised, those regulations are directly linked to The Health Protection (Coronavirus, Restrictions) (No. 2) (Amendment No. 8) Regulations (Northern Ireland) 2020, and have been drafted to ensure that any consequential amendments to the Health regulations will flow through to the financial support scheme.
4. At our meeting on 13 October, we agreed on the closure of close contact services apart from those meeting essential health needs. Those 'close contact services' have still to be defined in regulations. However, in the interests of giving businesses some clarity and allowing the administrative arrangements to be put in place for next week, I recommend that we agree that close contact

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services include (but are not necessarily limited to) hairdressers and barbers, beauty salons, day spas and nail bars, and tattoo parlours.

5. More businesses may be directly affected by the restrictions when the detail of the regulations is finalised. In the meantime I am keen to roll out the current scheme to all areas so the majority of businesses affected by the new restrictions get financial support as quickly as possible.

Levels of Support

6. I propose that we double the levels of financial assistance made to qualifying businesses. The new rates will be as follows:
 - **£800 per week** for businesses in properties with a Net Annual Value of £15,000 or less and businesses which are not valued for business rates;
 - **£1,200 per week** for medium sized businesses in properties with a Net Annual Value between £15,001 and £51,000; and
 - **£1,600 per week** for businesses in properties with a Net Annual Value of £51,001 or more.
7. DoF Officials have advised me that value for money for these amounts cannot be justified. The amounts are considerably greater than those available in other regions in similar lockdowns and that this level of support could be repercussive in future discussions with Treasury and to the levels of assistance that may be sought by other Departments for other groups which we have yet to see. The DoF Accounting officer has advised me therefore that she will require a Ministerial Direction for the scheme to be delivered at this level. Executive colleagues are asked to note this position and agree that the support is provided on this basis.

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Financial Implications

8. The cost of making the support available in all districts for four weeks based on the Derry and Strabane scheme was estimated to be £10 million for 4 weeks. This was extrapolated from the Derry and Strabane cost by assuming that most council areas are broadly similar, except Belfast which is around twice the size.
9. We estimate that extending the financial assistance scheme to close contact services will increase the number of eligible businesses by approximately 75%. Extending the coverage of the scheme to those businesses will therefore increase the costs to an estimated £17.5 million.
10. Doubling the levels of support will increase the cost of the extended scheme to £35 million.
11. I recommend that the Executive agrees to increase the allocation to DoF to cover the costs of this scheme to £35 million.

State Aid

12. DoF is discussing the state aid implications with DfE. Our expectation is that it will either be determined as No Aid present or will be taken forward under the Temporary Framework in place for COVID schemes.

Other support

13. The construction of the financial assistance scheme – which is linked directly to the Health Protection regulations – means that it is not a suitable vehicle to deliver support to businesses and sectors which we all recognise have been indirectly affected by the restrictions. I am keen to see proposals from Departments covering the sectors that they are responsible for. In particular I am keen to receive proposals from Departments in respect of sectors which up until now have not received any support – for example, Bed and Breakfasts

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which are rated as domestic properties, the newly self-employed, private bus and coach sector, and taxis.

Recommendation

14. That the Executive

- (a) agrees that the geographical coverage of the financial assistance scheme agreed for Derry and Strabane should be extended to all districts;
- (b) agrees that close contact services include (but are not necessarily limited to) hairdressers and barbers, beauty salons, day spas and nail bars, and tattoo parlours;
- (c) notes that the DoF Accounting Officer has indicated that she requires a Ministerial Direction to take the support forward at these levels as value for money cannot be justified; and
- (d) agrees, on the basis outlined at (c) to double the levels of support paid through the scheme;
- (e) increases the amount allocated to DoF for this purpose to £35m.

**CONOR MURPHY, MLA
MINISTER OF FINANCE**

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