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Cabinet Secretary for Economy, Fair Work and Culture  
Cabinet Secretary for Finance  
Cabinet Secretary for Rural Economy and Tourism

## FOR DECISION - COVID-19 £100 MILLION ADDITIONAL BUSINESS SUPPORT

### Purpose

1. This submission provides:
  - a **progress update** on the £100m package of support for the newly self-employed and micro and SMEs, and
  - **recommended next steps** to ensure demand doesn't outstrip supply and cause reputational issues.

### Recommendation

2. We recommend **announcing on Monday (4<sup>th</sup> May) that applications for the Pivotal Enterprise Resilience Fund will be paused on Tuesday (5<sup>th</sup> May)**. The other funds will remain open for applications.

### Priority

3. **Immediate** – if we are to communicate a pause on applications then a decision on Monday morning allows us to give a working day's notice to potential applicants to complete and submit applications before the fund is paused for applications from Tuesday afternoon.

### Background

4. The £100 million launched on Thursday 30<sup>th</sup> April is divided between:
  - The £34 million **Newly Self-Employed Hardship Fund** managed by Local Authorities (LAs).
  - The £20 million **Creative, Tourism & Hospitality Enterprises Hardship Fund** managed by the Enterprise Agencies (EAs) in partnership with Creative Scotland and VisitScotland for those not in receipt of business rates relief Covid-19 grants.
  - The £45 million **Pivotal Enterprise Resilience Fund** managed by the EAs for vulnerable SMEs who are vital to our local or national economic foundations.
5. We have only anecdotal feedback on the newly self-employed scheme and expect to have better data from the 32 LAs by Wednesday. The main issue expressed by stakeholders to-date is not being able to be in receipt of Universal Credit and receive this support.
6. [redacted] Over 13,000 applications were pursued in the first 20 minutes causing serious issues. The website was taken down on Thursday night and reopened at 8am on Friday. The team has continued to work to iron out bugs and issues identified by

stakeholders. While there are still some anecdotal issues reported, the portal is stable and seeing significant conversion rates of completed applications.

7. The Steering Group of SE, HIE, SoSE, Creative Scotland and VisitScotland met to discuss at 7.30pm on Sunday.

**Update on applications (figures accurate as of 2.40pm Sunday):**

8. The creation of two funds has generated significant demand demonstrating the appetite for the fund:

- **2766 applications have passed through eligibility checks and 1056 have been submitted.** We expect this to increase by Monday morning.
- The spread of applications compared with the business base across each enterprise area to-date sees a disproportionately large demand from HIE's region:
  - 25% of applications from HIE (13% of the business base);
  - 70% of applications came from SE area (81% of the business base);
  - 5% of applications came from SoSE (6% on business base).
- About 60% of the applications created are for the Pivotal Enterprise Resilience Fund.

9. For the **Creative, Tourism & Hospitality Enterprises Hardship Fund:**

- The 565 applications submitted to-date ask for c £9m.
- If all the other incomplete applications under development on the portal are submitted in a similar vein then it will not breach the provisional £20m allocation yet.

10. The Steering Group's recommendation is that **we should keep this fund open for applications** and look to move to approvals by the relevant EA and process payments at pace to help those in need.

11. We will keep the number of applications and requested funding support asked for under close review tomorrow and Tuesday. If it looks like we are on course to breach the fund allocation then we will revert with further advice.

12. The UKG has [announced](#) an extension to the business grants scheme of £617m - an uplift of 5% which would equate to c. £60m in consequentials for Scotland. This additional fund is aimed at small businesses with ongoing fixed property-related costs. The UKG is asking LAs to prioritise businesses in shared spaces, regular market traders, small charity properties, and B&Bs which pay council tax. But LAs may choose to make payments to other businesses based on local economic need

13. [redacted]

14. For the **Pivotal Enterprise Resilience Fund (PERF):**

- Demand is going to outstrip supply as previously advised.
- The c.500 submitted applications already ask for c.£45m.
- If the other applications underway are completed today then we already have more funding pressures than we can absorb within the financial envelope for PERF. Even if only 2/3 of the applications pending completion are approved during the Enterprise Agencies' assessment process then it could still empty the fund.

- [redacted]

15. [redacted]

16. [redacted], **the Steering Group recommend communicating on Monday that applications for the PERF will be paused on Tuesday.** This will give applicants notice to complete their applications.

17. [redacted]

18. [redacted]

19. [redacted]

20. [redacted]

### **Communications**

21. If Ministers agree with our recommendation then further comms advice will be provided in short order to enable us to give 24hrs notice to PERF applicants.

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