

LIST OF DOCUMENTS SUPPLIED

Supporting Document 1 – Email Correspondence.
Supporting Document 2 – 13 November 2020 Submission.

From: [REDACTED] On Behalf Of Cabinet Secretary for Economy, Fair Work and Culture

Sent: 24 October 2020 14:54

To: Cabinet Secretary for Economy, Fair Work and Culture ; Reid A (Adam) ; McPhee D (David) ; Brown J (Joe)

Cc: Cabinet Secretary for Finance ; Cabinet Secretary for Rural Economy and Tourism ; Minister for Business, Fair Work and Skills ; Minister for Trade, Investment and Innovation ; DL for DG Economy Directors ; McAllan M (Mary) ; Pickstone J (Jonathan) ; McDonald L (Lisa) ; Chikwama C (Cornilius) ; [REDACTED] ; [REDACTED] ; Brown J (Joe) ; [REDACTED] ; [REDACTED] ; [REDACTED] ; Martin A (Anne-Marie) ; McDonald L (Lisa) ; Ditchburn L (Liz) ; Reid A (Adam) ; McPhee D (David) ; [REDACTED] ; [REDACTED] ; Brown J (Joe) ; [REDACTED] ; McCaig C (Callum) ; Higgins K (Kate) ; Sizeland B (Bettina) ; [REDACTED] ; [REDACTED] ; Chikwama C (Cornilius) ; Rennie M (Michelle) ; [REDACTED] ; Dobson L (Leanne) ; [REDACTED] ; [REDACTED] ; Gillespie G (Gary) ; [REDACTED] ; Ingebrigtsen R (Ross) ; Deputy First Minister and Cabinet Secretary for Education and Skills ; McAllan M (Màiri) (Special Adviser)

Subject: Business Support Requests and Sector Work

Adam, Joe and David (for the second part)

I sent an email about business support questions yesterday and Cab Sec has a few more. Ive added in DFM as well because if he is doing that bid then the backdated part may come up again.

On the Chancellors latest JSS, Chancellor backdating and SG not backdating is clearly a persistent line. Cab Sec thinks the backdating issue will be open to attack on as the curfew at 10pm limited demand and anything else in West of Scotland prior to 9th Oct 16 days plus 1 week period. This includes late venues, restaurants only 1 booking per evening per table , taxis etc. So can you consider re discretionary element for Council if we want to avoid - we need to quantify and cost this. Also Aberdeen features here so we need to make clear that we have allowed them to double their £1500 for August and they always had a discretionary Fund of £100k for businesses not closed but whose demand dropped off because of closures.

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could operate safely and if they could under the different banners. Can you consider this further ahead of changes?

thanks

[REDACTED]

[REDACTED]

The Scottish Government

St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 244

[REDACTED] | M: [REDACTED]

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As sector colleagues know, business support came up on the hospitality call this morning, with people asking about the 20% of top up of furlough support now being a set flat rate regardless of numbers of workers on furlough. Reference was made to Cab Sec EFWC having said this. I assume this is the same issue as the one highlighted below.

The other issue that came up is the question of those who operate without rated premises being outside of any of this support. Can we have in one place some updated advice on all of these different known and emerging business support questions. And if already commissioned, please just direct me to it and make sure I am copied in.

Liz

From: Brown J (Joe) <Joe.Brown@gov.scot>

Sent: 24 October 2020 15:18

To: Cabinet Secretary for Economy, Fair Work and Culture <CabSecEFWC@gov.scot>; Reid A (Adam) <Adam.Reid@gov.scot>; McPhee D (David) <David.Mcphee@gov.scot>

Cc: Cabinet Secretary for Finance <CabSecFinance@gov.scot>; Cabinet Secretary for Rural Economy and Tourism <CabSecRET@gov.scot>; Minister for Business, Fair Work and Skills

<MinisterBFWS@gov.scot>; Minister for Trade, Investment and Innovation <MinisterTII@gov.scot>;

DL for DG Economy Directors <DLGED@gov.scot>; McAllan M (Mary) <Mary.McAllan@gov.scot>;

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Chikwama C (Cornilius) <Cornilius.Chikwama@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>;

[REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED]

<[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; Martin A (Anne-Marie) <Anne-

Marie.Martin@gov.scot>; Ditchburn L (Liz) <Liz.Ditchburn@gov.scot>; [REDACTED]

<[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED]

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<[REDACTED]@gov.scot>; Ingebrigtsen R (Ross) <Ross.Ingebrigtsen@gov.scot>; Deputy First

Minister and Cabinet Secretary for Education and Skills <DFMCSE@gov.scot>; McAllan M (Màiri)

(Special Adviser) <Mairi.Mcallan@gov.scot>

Subject: RE: BusinessSupport Requests and Sector Work

[REDACTED]

I'd be grateful if [REDACTED] could initiate the assessment of costs of paying hardship Grant's to the business required by pre- 9 Oct restrictions to operate in a different way.

My understanding is that the £1650 figure is updated, and [REDACTED] or Adam should be able to confirm.

I should signal a resource issue. LAs are under pressure currently to develop and deliver these new funds. Adding retrospective schemes would add to that.

JOE BROWN

Head of Strategic Engagement and Coordination
Directorate for Economic Development
Scottish Government
5 Atlantic Quay
150 Broomielaw
Glasgow G2 8LU
[redacted]

Sent with BlackBerry Work (www.blackberry.com)

From: [REDACTED] <[REDACTED]@gov.scot> **On Behalf Of** Cabinet Secretary for Economy, Fair Work and Culture

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0131-244-[REDACTED]
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ANNEX D

From: [REDACTED] On Behalf Of Cabinet Secretary for Economy, Fair Work and Culture
Sent: 23 October 2020 19:54
To: [REDACTED] ; Reid A (Adam)
Cc: [REDACTED] ; BrownJ (Joe) ; Cabinet Secretary for Economy, Fair Work and Culture
Subject: Follow up questions - Furlough and Hospitality

[REDACTED] and Adam

Few questions from the Cab sec:

- Hospitality – cab sec was speaking to a local business that was saying that the latest part of support isn't pro rata as the first 16 days of support. Why have we not done it the same percentage?
- Furlough – whats happening to the £9m of support announced by FM and the linkages with the 20% HMRC payment. The business she was speaking to was a medium business with a sizeable staff bill so it will have knock on effects.
- Furlough – new staff – he was stating that it wouldn't cover any costs for new staff and so no support
- Furlough – does the new scheme cover all workers or is there any exclusions based on start date or previous application?

An update by Tuesday would be good

Thanks

[REDACTED]

[REDACTED]

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[REDACTED] | M: [REDACTED]

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ANNEX E

From: [REDACTED] <[REDACTED]@gov.scot> **On Behalf Of** Cabinet Secretary for Economy, Fair Work and Culture

Sent: 26 October 2020 14:08

To: [REDACTED] <[REDACTED]@gov.scot>; Cabinet Secretary for Economy, Fair Work and Culture <CabSecEFWC@gov.scot>; Cabinet Secretary for Finance <CabSecFinance@gov.scot>

Cc: Brown J (Joe) <Joe.Brown@gov.scot>; McCaig C (Callum) <Callum.Mccaig@gov.scot>;

[REDACTED](Communications) <[REDACTED]@gov.scot>; Communications Economy <CommunicationsEconomy@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; Reid A (Adam) <Adam.Reid@gov.scot>; Dobson L (Leanne) <Leanne.Dobson@gov.scot>

Subject: RE: Business Support Fund - Aberdeen

[REDACTED]

Cab Sec feels like as long as Aberdeen can meet this from the £1m then she agrees but assumes Ms Forbes needs to agree this also as she made original decision

Thanks

[REDACTED]

[REDACTED]

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From: [REDACTED]

Sent: 26 October 2020 11:26

To: Cabinet Secretary for Economy, Fair Work and Culture ; Cabinet Secretary for Finance

Cc: Brown J (Joe) ; McCaig C (Callum) ; [REDACTED](Communications) ; Communications Economy ; [REDACTED] ; [REDACTED] ; Reid A (Adam) ; Dobson L (Leanne)

Subject: Business Support Fund - Aberdeen

Cab Secs/Private Office

Please see the lines below in reply to Aberdeen city council asking if they can top up the grants made to businesses closed in Aberdeen in August (email attached). This is a further top up in line with the additional funding announced covering the 26 October - 2 November. Are you content?

The First Minister announced the new strategic framework on 23 October which includes details of future financial support for businesses affected by restrictions. This funding will be available for all affected businesses from November 2. This includes grants of up to £3000 for business required to close by law and grants of up to £2,100 for businesses that remain open but are directly impacted by restrictions, for every 4 weeks of restrictions.

Earlier in the year the Scottish Government agreed with Aberdeen City Council that they could keep any underspend from the £1 million provided to cover business support costs during the local restrictions in August. Aberdeen City Council is welcome to continue to use this underspend flexibly, and to further top up the grants made to eligible businesses that had to close earlier in the year. If the total cost of the additional grants exceeds £1 million, Aberdeen City Council must cover this cost from their own budget.

Best wishes,

[REDACTED]

[REDACTED] | Local Economic Policy Officer | Rapid Response Unit | Economic Development Directorate



 Please consider your environmental responsibility. Before printing this email ask yourself: "Do I need a hard copy?"

ANNEX F

From: [REDACTED] <[REDACTED]@gov.scot> **On Behalf Of** Cabinet Secretary for Finance
Sent: 26 October 2020 16:34
To: [REDACTED] <[REDACTED]@gov.scot>; Cabinet Secretary for Economy, Fair Work and Culture <CabSecEFWC@gov.scot>; Cabinet Secretary for Finance <CabSecFinance@gov.scot>
Cc: Brown J (Joe) <Joe.Brown@gov.scot>; McCaig C (Callum) <Callum.Mccaig@gov.scot>; [REDACTED] (Communications) <[REDACTED]@gov.scot>; Communications Economy <CommunicationsEconomy@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; Reid A (Adam) <Adam.Reid@gov.scot>; Dobson L (Leanne) <Leanne.Dobson@gov.scot>
Subject: RE: BusinessSupport Fund - Aberdeen

Hi [REDACTED]

Ms Forbes has said as long as it can be met from the £1m, then the Cab Sec is content.

Thanks

[REDACTED]

[REDACTED]

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Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: [REDACTED]

Sent: 26 October 2020 15:00

To: Cabinet Secretary for Economy, Fair Work and Culture ; Cabinet Secretary for Finance

Cc: Brown J (Joe) ; McCaig C (Callum) ; [REDACTED] (Communications) ; Communications Economy ; [REDACTED] ; [REDACTED] ; Reid A (Adam) ; Dobson L (Leanne)

Subject: RE: BusinessSupport Fund - Aberdeen

[REDACTED]

Thanks for this. I will await clearance from Ms Forbes.

Kind regards,

[REDACTED]

[REDACTED] | Local Economic Policy Officer | Rapid Response Unit | Economic Development Directorate



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Riaghaltas na h-Alba
gov.scot

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Cab Secs/Private Office

Please see the lines below in reply to Aberdeen city council asking if they can top up the grants made to businesses closed in Aberdeen in August (email attached). This is a further top up in line with the additional funding announced covering the 26 October - 2 November. Are you content?

The First Minister announced the new strategic framework on 23 October which includes details of future financial support for businesses affected by restrictions. This funding will be available for all affected businesses from November 2. This includes grants of up to £3000 for business required to close by law and grants of up to £2,100 for businesses that remain open but are directly impacted by restrictions, for every 4 weeks of restrictions.

Earlier in the year the Scottish Government agreed with Aberdeen City Council that they could keep any underspend from the £1 million provided to cover business support costs during the local restrictions in August. Aberdeen City Council is welcome to continue to use this underspend flexibly, and to further top up the grants made to eligible businesses that had to close earlier in the year. If the total cost of the additional grants exceeds £1 million, Aberdeen City Council must cover this cost from their own budget.

Best wishes,

[REDACTED]

[REDACTED] | Local Economic Policy Officer | Rapid Response Unit | Economic Development Directorate



 Please consider your environmental responsibility. Before printing this email ask yourself: "Do I need a hard copy?"

ANNEX G

From: [REDACTED] <[REDACTED]@gov.scot> **On Behalf Of** Economy Covid-19 Hub
Sent: 21 October 2020 09:11
To: [REDACTED] <[REDACTED]@gov.scot>; Brown J (Joe) <Joe.Brown@gov.scot>
Cc: [REDACTED] <[REDACTED]@gov.scot>; Economy Covid-19 Hub <BESTCovidHub@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>
Subject: RE: URGENT-FMQ brief - support for business

[REDACTED] Joe,

Thank you for this. Can we also please add a line or two to reflect what Joe sent to Ms Forbes regarding Aberdeen? Something like the following if it has been made public and if my suggestion is accurate. Please change it as needed.

- The Aberdeen City Local Restrictions Fund is a different scheme to the COVID-19 Restrictions Fund, however, eligible awards for businesses required to close by the local restrictions that applied between 5-26 August can be backdated and 'topped-up'
- Those eligible for the £900k support scheme had until 5pm on 19 October to apply for the new level of grants at £2k and £3k, based on rateable value.
- The level of funding for the Aberdeen City Local Restrictions Fund remains at £1m and if demand exceeded funds we would expect Aberdeen City Council to manage this from local budgets.

Thank you

[REDACTED]

From: [REDACTED]
Sent: 21 October 2020 09:01
To: Economy Covid-19 Hub
Cc: Brown J (Joe) ; [REDACTED]
Subject: RE: URGENT-FMQ brief - support for business

Hi [REDACTED],

I have made some suggested tweaks and made a couple of additions at the end about ongoing requests for additional support from UKG.

Happy to discuss

[REDACTED]
COVID-19 Business Support Team
DED : Enterprise and Innovation Division

[REDACTED]

From: [REDACTED] <[REDACTED]@gov.scot> **On Behalf Of** Economy Covid-19 Hub

Sent: 21 October 2020 08:31

To: Brown J (Joe) <Joe.Brown@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>

Cc: Economy Covid-19 Hub <BESTCovidHub@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>

Subject: URGENT - FMQ brief - support for business

Joe, [REDACTED], [REDACTED] [REDACTED], [REDACTED], [REDACTED]

Can I please ask you to consider the current lines we have on the £40m business support package? Are there lines we can add or strengthen to respond to the below media story?

Trade organisation the Scottish Hospitality Group (SHG) has blasted the Scottish Government's most recent grant scheme, which opened for applications today, saying the scheme is "totally derisory for our sector". The group has said that the £40 million support package announced by the Scottish Government and administered by local authorities is "nowhere near enough" and called for further support if first minister Nicola Sturgeon extends the current restrictions.

The lines we currently have are:

The Scottish Government's £40 million business support package will support companies and their employees

- The £40 million fund to help businesses affected by temporary restrictions to slow the spread of coronavirus (COVID-19) has three elements.
- **Yesterday we launched the £20m** COVID-19 Restrictions Fund will provide one-off grants of up to £3,000, based on rateable value, to bars, restaurants and other businesses required to close by regulations.
- **This includes a** hardship fund with grants of up to £1,500 will support some businesses that remain open but are directly impacted by the restrictions, including those in the direct supply chains of firms that must close.
- Information on the eligibility criteria for support and how to apply is now available on the Scottish Government website **and** on local authority websites.
- In addition, up to £9 million of funding will help with the costs of re-furloughing staff by supporting the 20% salary contribution required by the UK Government until the end of October.
- We are providing a contingency fund of up to £11 million to help businesses that need support but don't fall into the above categories. This will, for example, support soft play centres that have been unable to re-open this month.
- **We will announce more detail on the furlough and discretionary schemes shortly**
- Our business support package has been developed following discussions with business groups, trades unions and local authorities.

- We are discussing the delivery of the furlough support with HMRC, COSLA, STUC, businesses and local authorities to ensure we can provide this as quickly as possible to the people who need it.
- If the Scottish Government is to meet the on-going challenges of COVID-19 as well as support economic recovery, the UK Government must give the Scottish Government either the additional funding or powers needed to respond.
- Key economic levers on tax and borrowing lie with the UK Government and our ability to respond is hampered by centralised UK budgeting approach.
- Throughout this crisis, this Government has repeatedly called for the UK Government to do more to protect business both in Scotland and in the UK.

If possible, can you please reply by 9:30 this morning?

Thank you for your help

[REDACTED]

[REDACTED] | COVID-19 Response Hub - BEST | **[REDACTED]**@gov.scot | Working from home
[REDACTED] **BESTCovidHub@gov.scot**

From: **[REDACTED]**
DED - SECU
13 November 2020

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

COVID-19 – BUSINESS SUPPORT FOR RESTRICTIONS, RESILIENCE AND RECOVERY

Purpose

1. This submission provides specific advice on additional COVID-19 businesses support through until April 2021. A companion submission sets out the strategic need for additional resources to support the economy through the recovery phase.

Priority

2. **Urgent.**

Summary

3. In October Ministers earmarked budgets of up to £48 million for the Coronavirus (COVID-19): Restrictions Fund for one-off payments (closure/hardship/contingency and furlough) for the period from 9 October to 1 November, and up to £268 million for the Coronavirus (COVID-19): Strategic Framework Business Fund for payments every four weeks (for closure and restrictions) for the period from 2 November to 31 March 2021. In response to my minute of 3rd November further advice was commissioned on the scope to increase the contingency fund and support a range of specific sectors, including some self-employed sectors.

4. This minute provides that advice, albeit set in the context of further options to enhance COVID-related business support, and:

- UK Government's decisions to reinstate full furlough and self-employed income support schemes;
- associated provision of additional Barnett consequentials; and

[REDACTED]

5. It recognises the importance of:

- **[REDACTED]** and
- matching that investment in business survival with comparable investment in business resilience and recovery, now and in the longer-term.

6. The Scottish Government's current financial support offer for businesses is underpinned by the Coronavirus (COVID-19): Strategic Framework Business Fund. While this Fund will provide a vital lifeline to many businesses over the coming months we have acknowledged that it will not be sufficient to fully address the challenges that the business community will confront over the coming months. By necessity, the financial support distributed through the Strategic Framework Business Fund does not reflect the nuanced impact of restrictions across different sectors, business types and localities. **[REDACTED]** Level 4 requires closure of non-essential retail and a wide

range of other sectors. Modelling confirms that Under current levels (in force from 13th November), the cost of providing support through the Strategic Framework Business Fund is estimated to be around £25 million per 4 week period. [REDACTED]

6. Following the UK Government’s announcement of an additional tranche of consequentials, we have been considering opportunities to bolster our support offer to businesses and developed a set of draft principles which might guide allocation decisions. Subject to your views, and the detail at Annex A, these principles are that:

- there is an unequivocal need to introduce further funding to address cash flow shortages among specific business types and sectors. The prospect of a mass vaccination programme initiating in the first half 2021 makes the case for supporting businesses increasingly compelling
- any additional support must take account of the specific impact of restrictions on different sectors.
- any additional business support must build on rather than duplicate what is already available through existing Scottish and UK Government schemes.
- The support that we provide to businesses must recognise the nuanced impact of restrictions and wider social trends created by the pandemic on local economies
- there is a need to strike a balance between the imperative to address businesses’ immediate cash-flow challenges against the need to commit spending towards recovery;
- That decisions on further financial support must be taken in the context of the significant budgetary pressures facing the Scottish Government

7. This submission recommends, subject to further work and Finance comments at para 12 *et seq*, **allocating an additional £85 million for COVID business support**, including the development of a Contingency Plus fund to support the specific sectors identified by Ministers in in the previous submission, as follows:

Description	Budget (£m)	Summary	Paragraph/ Annex
Contingency Fund Plus	11.5	NDR based Sectoral support	Annex B
	13	Event supply chain companies, and strategically Important	
	5	Food and Drink wholesale businesses supplying the hospitality sector and contract catering	
	2.5	Tourism operators who provide outdoor related activity to visitors, on land and in the marine environment	
Newly Self-Employed Hardship Fund	30	Re-run of scheme launched in April, recognising that not all self-employed people can access UKG support.	Annex C
LA Administration	5	One-off top-up to ensure LA investment in grant administration	Annex D
Local Authority Discretionary funding	2.5	Backdated to October (5% of £48m)	
	15 ¹	From November to March (10% of c£25m per month). Base option of 5% would be £7.5m, matching UKG approach.	

¹This programme is scalable

		Option to award percentage every four weeks or simply allocate £15 million or £7,5million	
TOTAL	84.5²		

8. A range of further proposals are being developed, including notably to address The Scottish Tourism Taskforce recommendations. These include proposals to provide an additional grant top up to protect businesses that can demonstrate longer term financial viability but are unable to breakeven due to ongoing restrictions. OCEA economists and analysts have undertaken initial work to model the impact of the current set of restrictions and the provision of the latest CJRS support on the food and beverage, and accommodation sub-sectors financial viability. Further modelling work is taking place to determine the costings associated with this proposal and officials will send a further submission once the funding required to deliver this scheme have been fully identified. Further advice will follow.

9. Modelling is also exploring the costs of equalising the periods and quantum of support offered by two currently different cultural funding schemes: the Grassroots Music Venues Stabilisation Fund and the Culture Organisations and Venues Recovery Fund.

10. And work with stakeholders including the South of Scotland Enterprise Agency will explore how best to support the wedding sector.

Finance

11. **[REDACTED]** Due to the demand led nature of this support, it is extremely difficult to anticipate the extent to which this funding envelope will also be able to support this additional proposal. Where possible support for businesses should mirror the UK Government approach to maintain the link to consequentials. Proposals in this submission represent a departure from the UK Government approach (aside from the 5% discretionary fund) which increases the risk of budget overspend.

12. Additional consequential funding of £1 billion has recently been confirmed. **[REDACTED]**

13. Ministers need to be content that there is a clear rationale for supporting the specific sectors being targeted, and that the measures proposed strike an appropriate balance between cashflow support for business survival and investment for growth

[REDACTED] Recommendation

14. I recommend that you:

- **[REDACTED]** endorse the principles underpinning the proposals for additional support for businesses;

[REDACTED]

[REDACTED]

[REDACTED]

DED – SECU

[REDACTED]

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Cabinet Secretary for Communities and Local Government			X		
Minister for Business, Fair Work and Skills			X		
Minister for Trade, Investment and Innovation			X		
Deputy First Minister and Cabinet Secretary for Education					X
Cabinet Secretary for Health and Sport					X
Cabinet Secretary for Justice					X
Cabinet Secretary for Environment, Climate Change and Land Reform					X
Cabinet Secretary for Transport, Infrastructure and Connectivity					X
Cabinet Secretary for the Constitution, Europe and External Affairs					X
Cabinet Secretary for Social Security and Older People					X

See e-mail

COVID-19 – BUSINESS SUPPORT FOR RESTRICTIONS, RESILIENCE AND RECOVERY

COVID-19 BUSINESS SUPPORT FUNDING RATIONALE

The Scottish Government's current financial support offer for businesses is underpinned by the Coronavirus (COVID-19): Strategic Framework Business Fund. While this Fund will provide a vital lifeline to many businesses over the coming months we have acknowledged that it will not be sufficient to fully address the challenges that the business community will confront over the coming months. By necessity, the financial support distributed through the Strategic Framework Business Fund does not reflect the nuanced impact of restrictions across different sectors, business types and localities.

Since March, the Scottish Government has introduced a series of sector-specific funds designed to recognise the distinct challenges that businesses within that sector are experiencing. These funds were not designed to see companies through a full year of significant disruption that has characterised the experience of many sectors and companies which means that further support will be required to support them over the coming months. By necessity, the mechanism for distributing financial support distributed through the Strategic Framework Business Fund does not reflect the nuanced impact of restrictions across different sectors and business types. **[REDACTED]**

As our response to controlling the virus becomes increasingly targeted, so should our business supporting funding have the capacity to recognise the variable impact of restrictions on local economies. While the Strategic Framework Business Fund responds to changing restrictions within local authority areas it cannot respond to the differential impact of restrictions on local economies based on their business composition.

Supporting businesses through these challenges is not just about direct financial assistance to ensure that they remain viable in the short term. A key pillar of our offer to date has been about supporting companies to adapt in response to the changes precipitated by the pandemic and ensure that they are able to recover once restrictions are lifted. With the prospect of an effective vaccine being ready for distribution early next year appearing increasingly likely early next year we must ensure that we enable as many businesses to survive as possible while also simultaneously looking with renewed focus at how we enable recovery and decisions on business support spending must take that into account. **[REDACTED]**

COVID-19 – BUSINESS SUPPORT FOR RESTRICTIONS, RESILIENCE AND RECOVERY

CONTINGENCY FUND PLUS

Contingency Fund Plus	11.5	NDR based Sectoral support
	13	Event supply chain companies, and strategically Important businesses in the events sector
	5	Food and Drink wholesale businesses supplying the hospitality sector and contract catering
	2.5	Tourism operators who provide outdoor related activity to visitors, on land and in the marine environment

In the interests of maintaining consistency with other grants awarded by the Scottish Government and for ease of distributing funding, this submission proposes a second phase of the Contingency Fund. This would largely utilise the tried and tested method of using local authorities to make payments to businesses based on Non-Domestic Rate valuations. Building on the experience of the first phase of the Contingency Fund we propose to make targeted payment to the sectors below which have been identified as largely operating from NDR paying premises:

- Brewers
- Tour Operators (including coach tours)
- Brewers
- Travel agents
- Visitor attractions

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	• [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	• [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	• [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	• [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	• [REDACTED]	[REDACTED]	[REDACTED]

Sector Specific Support

Events Industry Support Fund Phase 2

In recognition of the ongoing challenges that the events sector is likely to face given the restrictions placed on them through the Strategic Framework, the Cabinet Secretary has asked officials to consider avenues for providing further support to the events sector, specifically suppliers.

Analysis indicates that many event suppliers do not operate from premises that pay Non-Domestic Rates and would therefore not be suitable for support through the Contingency Fund Plus as structured along the lines of the proposals set out above. It is instead recommended that the Cabinet Secretary agrees to run a second phase of the Events Industry Support Fund capitalised with an additional £8 million. based on the experience of distributing the first phase of this Fund and the capital that it is anticipated will be required to support them through the coming months. Further detail is at Annex B1.

This submission also proposes to establish a separate £5 million fund for strategically important businesses without whom Scotland’s ability to deliver events such as the European Football Championships, Solheim Cup, 6 Nations Rugby, Royal Highland Show and Edinburgh International Festival in future would be in jeopardy. These businesses are not only employers in their own right but provide work for the supply chain. They also play an important role in delivering the showcase events such as the I) which are at the heart of Scotland’s national event strategy. These businesses require individual grants on a much larger scale than has been available. The eligibility criteria and mechanism for distributing funding are being worked up by officials.

You are asked to consider the case for an additional £13 million in funding specifically for the events sector with £8 million aimed at events suppliers and a further £5 million for strategically important companies operating in the events sector

The Cabinet Secretary for Finance has also asked for us to consider specific support for commercial photographers. This submission does not propose that we seek additional funding specifically for commercial photographers on the basis of existing financial support schemes for which they are already eligible. Further detail can be found at Annex B1

Food and Drink Wholesale

Ministers have also asked for specific guidance on supporting food and drink wholesalers in light of their exclusion from other grant funding support and their importance to the supply chain for hospitality businesses as well as contract caterers including those that serve the public sector. Engagement with the sector has demonstrated that funding support available through the Non-Domestic Rates mechanism may not be sufficient to preserve important businesses in this sector and protect jobs. **As such we recommend allocating a budget of up to £5 million** to provide one-off targeted support for those wholesalers most in need.

Criteria, grant rates and delivery options would be developed collaboratively with sector representatives. Additional context is at Annex B2.

Outdoor Tourism Sector

My submission of 3 November recommended that additional funding be made available to the outdoor tourism sector given the specific challenges they have experienced and their importance to the rural economy. Officials have advised that the outdoor tourism in Scotland is a primarily non-premised based sector and so would not receive the requisite support through the Contingency Fund Plus. It is recommended that the Cabinet Secretary agree to establish an Outdoor Tourism Sector Recommissioning Fund and that this be capitalised to £2.25 million to distribute grants of £1,000 - £15,000 to eligible businesses. Further detail on the rationale for funding the outdoor tourism sector and the proposed approach to delivering financial support for these businesses is set out in Annex B3.

Early Years Play Groups

The Minister for Business, Fair Work and Skills also asked officials to consider whether commercial Early Years Play Groups should also be considered for financial support through the Contingency Fund due to reduced demand. Guidance will be published shortly that is anticipated to mitigate some of the challenges being experienced by Early Years Play Groups and it is recommended that we wait until the new guidance has been received and review our position after.

ANNEX B1 - EVENT SUPPLIERS

The Cabinet Secretary has asked for officials to consider avenues to provide further support to event suppliers. There are businesses in the supply chain which continue to be unable to operate under the current restrictions and who do not expect to see activity resume until spring or summer next year. Some of these businesses have not been eligible for financial support previously but the majority have had access to funding which was sufficient to keep those businesses solvent for a few months but will not provide security over the rest of the winter.

Existing funding was made available to events suppliers through the Events Industry Support Fund. This was a £6 million fund launched on 24 August and which provided one-off grants of £10,000 to eligible businesses that applied to the Scheme. The Fund was administered by EventsScotland. In recognition of our evolving response to the pandemic through the introduction of the Strategic Framework and the high likelihood that the events sector will experience ongoing disruption over the coming months, this submission

proposes to run a second phase of the Events Industry Support Fund and capitalised with an additional £8 million. This figure is based on the experience of distributing the first phase of this Fund and the support that will be required to support them through the coming months. Further detail on the rationale and proposals for this Fund as well as the eligibility criteria for businesses in scope of this fund are provided at Annex C.

Additionally, there are a smaller number of strategically important businesses without whom Scotland's ability to deliver events in future would be badly damaged. These businesses are not only employers in their own right but provide work for the supply chain. They also play an important role in delivering the showcase events (e.g. European Football Championships, Solheim Cup, 6 Nations Rugby, Royal Highland Show, Edinburgh International Festival) that are at the heart of Scotland's national event strategy. These businesses require individual grants on a much larger scale than has been available.

This represents the immediate need to help the sector survive and we expect that further resources will be required in due course to help restart the sector

and support recovery over the next year or two.

- **[REDACTED]**

Commercial photographers

The Cabinet Secretary for Finance has also asked for us to consider specific support for commercial photographers. Photographers are eligible to apply for Screen Scotland's Screen Hardship Fund. This is not a sector Screen Scotland ordinarily works with, but they were specifically included in this fund in recognition of the challenges they faced and to enable them to access support more quickly. Screen Scotland did considerable outreach work to ensure commercial photographers were aware of their eligibility, and we are aware that a number of commercial photographers applied to the first round of funding. A second round of funding opened on 10 November, and commercial photographers are again eligible.

[REDACTED]

ANNEX B2 - FOOD AND DRINK WHOLESALERS

The need for support for food and drink wholesalers has been well documented, particularly for those businesses who sell into hospitality, tourism, leisure & ontrade , and those who service public sector contracts. A separate fund for food and drink wholesalers would allow targeted support to be provided to those who need it most, with different parts of the sector facing more challenges than others depending on their customer base.

[REDACTED]

ANNEX B3 - OUTDOOR TOURISM SECTOR

The Outdoor tourism sector (Adventure and Marine) is made up businesses that provide experiences - many of whom do not have business premises and therefore do not pay NDR. There are **approximately 700 businesses**, ranging from wildlife watching experiences to a wide range of activity operators covering anything from mountaineering to bungee jumping and white-water rafting. The sector also incorporates marine operators including day boat trips, wildlife watching boat trips, overnight boat trips and diving charters. Circa 80% of this sector **do not pay NDR (560 businesses across Scotland)**.

At the beginning of the COVID-19 pandemic those businesses that did pay NDR benefitted from grants of £10k, but these grants did not reach the majority of the outdoor tourism sector, due to the distribution approach. **[REDACTED]**

COVID-19 – BUSINESS SUPPORT FOR RESTRICTIONS, RESILIENCE AND RECOVERY

NEWLY SELF-EMPLOYED HARDSHIP FUND

On April 30 the Cabinet Secretary for Economy, Fair Work and Culture launched a package of additional grant support for small and medium sized businesses (SMEs) and newly self-employed people. The following funds made up this package of support:

- The Pivotal Enterprise Resilience Fund (PERF), managed by the Enterprise Agencies, provided bespoke grants and wrap around business support to viable but vulnerable SMEs vital to the local or national economic foundations of Scotland
- The Creative, Tourism & Hospitality Enterprises Hardship Fund (CTHEHF), managed by the Enterprise Agencies with support from Creative Scotland and VisitScotland, provided grants of up to £25,000 to small and micro creative, tourism and hospitality companies not in receipt of business rates grants
- **The Newly Self-Employed Hardship Fund (NSEHF)**, managed by Local Authorities, provided £2,000 grants to the newly self-employed who were facing hardship but ineligible for UK support (as they became self-employed since April 2019).

There are a large number of businesses which do not operate from premises and are therefore excluded from the support available through the schemes predicated on Non -Domestic Rates. Further work is being undertaken on this but initial OCEA analysis estimates that 40% self-employed small business owners are not eligible for SEISS and will therefore be left without any financial support. Ministers have previously acknowledged that there is a need to support this cohort of businesses that have largely been excluded through both Scottish and UK Government Scheme, such as mobile close contact service providers and some self-employed taxi drivers.

The Newly Self-Employed Hardship Fund (NSEHF) addressed that, although only £11 million of the original allocation of £30 million was awarded. We recommend running a second round of the Newly Self-Employed Hardship Fund to support those excluded from other funding schemes businesses. Notably the now extended SEISS. [REDACTED]

COVID-19 – BUSINESS SUPPORT FOR RESTRICTIONS, RESILIENCE AND RECOVERY

LOCAL AUTHORITY FUNDING

LA Grant Administration	5	One-off top-up to ensure LA investment in grant administration	Annex D
Local Authority Discretionary funding	2.5	Backdated to October (5% of £48m)	
	15 ³	From November to March (10% of c£25m per month). Base option of 5% would be £7.5m, matching UKG approach.	

Local authority Top Up Administration Costs

³This programme is scalable

Local authorities have been key partners in distributing almost £2.4 billion worth of funding to business since the outset of the pandemic. Our engagement with CoSLA and SLAED indicates that distributing these grants have come at a considerable cost to local authorities who have been required to move make significant resource available in order to process grant funding payments since March. This is likely to continue for the foreseeable future with local authorities assuming responsibility for distributing the financial support introduced to accompany the Strategic Framework as well as monies distributed through the Contingency Fund.

[REDACTED]

You are invited to endorse an additional payment of £5 million to local authorities in recognition of their role in administering business support funding to date and ensuring that they continue to have sufficient resources to deploy this funding.

Discretionary Fund

In addition, to the funding that they receive to support business closed by regulation, the UK Government has announced that local authorities in England allocated funding to distribute business support grants will receive an additional 5% in top-up funding calculated against the level of the business grants they are awarded. This funding is fully discretionary and can be used to provide grants of different amounts and to support businesses severely impacted by Tier 2 beyond the ones have used to calculate grant.

Making funding available to local authorities to spend at their discretion within the context of business support recognises the insight that councils have on the business community in their area and where funding would be most effectively spent in supporting local economies. Introducing a discretionary element of the business support funding is also aligned with our increasingly localised approach to controlling the virus. **This submission therefore recommends that the Scottish Government implements a similar commitment, allocating an additional percentage to the sums due for temporary closure and restrictions.**

We propose that the fund be backdated with a 5% allocation of the £48 million earmarked for the period from 9 October to 1 November.

For the period from 2 November to 31 March 2021, this would of course be variable, based on potential spend of around £25 million every four weeks, a 5% allocation would total around £7.5 million, matching the approach in England.

Recognising the rationale for using this *discretionary* fund to allow Local Authorities to address fixed cost challenges faced by taxi drivers and other self-employed sectors, there is merit in considering a higher proportion. A 10% allocation would generate an allocation of £15 million.

You may of course wish to simply allocate these sums rather than apply the 5 or 10% percentage to LA allocations for each four week period. That would be simpler.