

From: [redacted – section 38(1)(b)]
Active Scotland Division
2 December, 2020

**Cabinet Secretary for Finance
Cabinet Secretary for Health and Sport
Minister for Public Health, Sport and Wellbeing**

EMERGENCY SUPPORT PACKAGE FOR SPORT

1. This paper sets out the proposed emergency funding package for the sports sector, in particular those sports whose financial model is mainly reliant on income generated through spectator revenue.

Timing

2. Urgent.

Background

3. The pandemic has created unprecedented challenges for Scottish sport, with restrictions on supporters attending events in place since March 2020, causing severe financial problems across a number of high profile sports. Sports clubs across the country are at the heart of communities and, without urgent financial support, many may not survive. [redacted – out of scope]

4. On 19 November, the UK Government announced a £300 million rescue package for sport in England. During that announcement in the House of Commons, the UK Minister for Sport confirmed that consequentials would be forthcoming from that funding package.

Financial support to date

5. To date sport in Scotland has not received any targeted funding support from central government. To varying degrees, sports organisations have utilised the job retention scheme, non-domestic rates relief, third sector resilience fund, business hardship fund, and the recently introduced Strategic Framework Business Support. However, eligibility for these funds has been very limited as, in the case of professional sport, they are operating fully with the majority of their staff and overheads in place. The element that is missing is the income stream generated by spectators attending live events.

6. In April, a decision was taken, in partnership with sportscotland, to provide Scottish governing bodies of sport (SGBs) and local partners across the sporting system with 50 per cent of their planned annual investment (£16 million) without the usual targets and outcomes attached to funding to allow organisations to focus on recovery from COVID and where possible innovative methods of delivery. The remaining 50 per cent was released to SGBs in August with similar criteria attached.

7. This has helped to protect 1,600 jobs including more than 1,000 jobs in SGBs and a further 600 with local partners and clubs and community organisations across the country as part of the Community Sport Hub (CSH), Direct Club Investment (DCI) and Active Schools programmes.

8. Sportscotland has also made available a £1.5 million COVID Recovery Support Fund. This is helping SGBs to rebuild and restructure as well as continue to deliver programmes, education, manage events and competition and govern the sport without the fear of insolvency or restriction on capacity. This fund should ensure the sustainability of most SGBs, albeit not those with a reliance on spectator income.

9. Three successful spectator pilot events were held in August which saw 650 fans attend Murrayfield stadium, and 300 fans attended games at both Aberdeen and Ross County in the SPFL Premiership in September. However, as virus prevalence increased across Scotland, these pilots were paused before increased numbers could be considered.

10. Following the introduction of the Strategic Framework, and the application of the five level approach, a small number of spectators have been permitted at sport stadia. Spectators in stadia, with mitigations and restricted numbers, are permitted in Level 1 and Level 0 areas. The number of spectators at any one event has been capped at 300. [redacted – out of scope]

11. Whilst progress in terms of the pandemic seems more likely now than was previously the case, we don't expect that progress will enable us to allow significant numbers of spectators back in to stadia before the summer of 2021.[redacted – out of scope]

Emergency Scottish sport rescue fund

12. We have been engaging with all sports which have been adversely impacted by the loss of spectator revenue with a view to understanding (i) the financial implications; and (ii) what support was required to secure their survival at least until the end of the current season. This is based on the assumption that spectators will not return in significant numbers before summer 2021.

13. Detailed financial returns from each sport have been gathered by sportscotland.[redacted – out of scope]

14. The returns provided detail on:

- the current financial positions of each organisation, including income, expenditure and debt – this includes any adjustments in relation to use of pay-per-view and management of existing season ticket sales;
- the operation of income streams for various sports e.g. broadcasting, sponsorship and fans income;
- the immediacy of risk, including the number of jobs likely to be impacted;
- what, if any, COVID-19 support measures have been accessed to date; and
- specific financial detail in relation to closed door activity.

15. Following an initial assessment, many sporting organisations – particularly [redacted – out of scope] – focussed entirely on the level of income lost rather than the minimum level of funding required to ensure survival. SGBs and in turn affiliated clubs vary in size and economic profile and have been impacted in different ways.

16. However, Ministers have agreed that the purpose of any scheme should be to ensure the short to medium term survival of sports organisations and clubs rather than replacing all lost income as a result of COVID.

17. These financial returns have therefore now been reviewed and managed down to reflect a more realistic funding package of **£55 million** that will focus on ensuring sustainability and survival in the short to medium term across all sports.

18. A breakdown of this by governing body, is set out in **Annex A**.

[redacted – out of scope]

19. [redacted – out of scope]

20. [redacted – out of scope]

21. [redacted – out of scope]

Rugby

22. Scottish Rugby, who are responsible for the operation of Murrayfield Stadium and the National Team, also own and operate both professional teams in Edinburgh and Glasgow. The financial return from Scottish Rugby has been assessed as more realistic as a survival package although some elements of lost sponsorship revenue which is outwith scope have been removed reducing the financial ask by approximately £5 million. An offer of support of the proposed magnitude will likely be welcomed by Scottish Rugby and ensure the continued investment in grassroots rugby and protect the 400 jobs affiliated to the sport.

[redacted – out of scope]

23. [redacted – out of scope]

[redacted – out of scope]

24. [redacted – out of scope]

25. [redacted – out of scope]

26. [redacted – out of scope]

27. [redacted – out of scope]

28. [redacted]

Finance

29. [redacted – out of scope]

30. I would request that additional funding of £55 million is provided by the Scottish Government to support the Sport priorities outlined in this note.[redacted – out of scope]

Handling / Comms

31. There is significant pressure from the sector to either announce a funding package for sport, or allow spectators back into stadia. It is clear that there are no imminent plans to allow greater numbers of spectators into stadia, therefore the need for financial assistance becomes more urgent.

32. The First Minister is likely to be asked about a financial support package for sport at FMQs this week. It would be useful to give an indication to the Chamber that will be imminent.

Recommendation

33. You are asked to note the contents of the submission and to approve the proposed funding package for sport, noting that officials will work with sports to ensure the funding is distributed as agreed in the submission.

ANNEX A

Indicative funding package for sport

Sport	Recommended financial support	Commentary
[redacted – out of scope]	[redacted – out of scope]	[redacted – out of scope]
Scottish Rugby	£20.0m	<p>Scottish Rugby has been unable to have spectators during the 6 Nations matches and upcoming Autumn Internationals. Matches for the two professional teams in Glasgow and Edinburgh have also been played without spectators.</p> <p>This has resulted in an unsustainable financial position which is threatening Scottish Rugby's ability to protect jobs and financially support rugby in local communities across the country.</p> <p>Scottish Rugby is different from football as they own and operate the National Team, Edinburgh Rugby and Glasgow Warriors. They also own and run BT Murrayfield. They directly fund rugby and rugby communities across the whole of Scotland, from grassroots primary school and mini club game, up to the National Teams and the professional game, and also support over 400 skilled and specialised jobs. The revenue allows Scottish Rugby to invest, directly and indirectly, in the grassroots community game at a level of over £7.0m per annum, in over 200 clubs across Scotland</p>
[redacted – out of scope]	[redacted – out of scope]	[redacted – out of scope]
[redacted – out of scope]	[redacted – out of scope]	[redacted – out of scope]

[redacted – out of scope]	[redacted – out of scope]	[redacted – out of scope]
[redacted – out of scope]	[redacted – out of scope]	[redacted – out of scope]
[redacted – out of scope]	[redacted – out of scope]	[redacted – out of scope]
TOTAL	£55.0m	