

# **Evaluation of COVID-19 Business Support Measures in Scotland**

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**Scottish Government**  
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## Summary

### Introduction, Overview and Methodology

- The COVID-19 pandemic had a significant impact on Scottish businesses and the economy, with impacts differing across sectors, reflecting their ability to trade during the pandemic.
- Given the pace and scale of the collapse in economic activity in some sectors, the Scottish and UK Governments introduced a significant package of business support measures aimed at helping businesses survive and maintain employment through the crisis.
- This report builds on earlier work to evaluate the impact of the support measures available to businesses in Scotland. It considers measures introduced by both the Scottish and UK Governments up to summer 2021. It draws on scheme management information data, survey data, business intelligence, secondary sources and modelling work to understand how many businesses have been supported and the extent to which the measures have helped businesses survive through the immediate crisis.
- It considers the extent to which businesses report that their needs were met by the current package of support, and summarises businesses' views on priorities to be considered in any future support.

### Uptake of Business Support Schemes

- Data from the Office for National Statistics' (ONS) Business Insights and Conditions Survey (BICS) shows that 32% of businesses in Scotland received Scottish Government (SG) grant support, 80% received support from the Coronavirus Job Retention Scheme (CJRS) at its peak and 34% received support from UK Government-backed accredited loans or finance agreements.
- There was a steady increase in the share of businesses receiving UK Government-backed loan support over the period June-July 2020 to June-July 2021.
- 43% of businesses still had staff on furlough leave in June-July 2021, highlighting the reliance many businesses had on CJRS even as restrictions eased in Scotland.
- Of the SG grant schemes, the Strategic Framework Business Fund had the greatest reach with 20% of businesses in Scotland receiving support. 13% received Small Business Grants, 6% received the Business Contingency Fund, and 5% received financial support from the Business Restart Grant. 1 in 10 (11%) businesses received sector-specific grants from the SG.
- The Accommodation & Food Services sector had the highest proportion of firms receiving support from SG grants (78%), reflecting the targeting of much of the SG support schemes at those sectors most impacted.
- A higher proportion of SMEs (34%) received SG grant support than large businesses (10%), reflecting the targeting of SG grant support at smaller businesses.
- The BICS findings are reflected in the scheme management information data which indicates that the CJRS had the greatest reach of all the schemes, with 906,400 jobs in Scotland furloughed under the scheme since its inception, accounting for more than a third of all employee jobs in Scotland.

- Of the SG schemes, the management information data shows, in line with the BICS findings, that the two core grant schemes (Business Support Fund and Strategic Framework Business Fund) had the greatest reach, with 91,258 grants approved for the (now closed) Business Support Fund grants, reflecting the relative scale of funding available under the scheme (£1bn out of the £3.7bn SG total). As at June 2021, 47,658 grants had been awarded through the Strategic Framework Business Fund totalling £344.8 million.

### **Impact of Support on Businesses**

- Feedback from the business representative organisations suggests government support has provided lifeline support for businesses during lockdown, helping most business survive up to this point.
- The BICS data supports this message, indicating that the support received from the Scottish and UK Governments has helped most beneficiaries survive through the immediate crisis. 72% of businesses in Scotland who received support reported that it had helped them continue trading.
- The sectors that have benefited most from the support provided by the Scottish and UK Governments (those with the highest proportion of businesses reporting the support helped them continue trading in BICS) were: Arts, Entertainment and Recreation (87%); Accommodation and Food Services (82%); Construction (80%); and Professional, Scientific, Technical Activities (74%).
- The SG Office of the Chief Economic Adviser's (OCEA) Strategic Framework Sectoral Viability Model found that business support (CJRS in particular) was effective in softening impacts of the pandemic, but did not restore viability close to pre-COVID-19 levels in the worst affected sectors e.g. Accommodation & Food Services. It found grants schemes (e.g. Strategic Framework Business Support Fund) were most effective for micro businesses.
- The sectoral viability modelling identified Construction, Manufacturing, Professional, Scientific and Technical Services, Admin and Support Services and Non-Essential Retail as sectors that had their viability significantly impacted but subsequently restored by support from the CJRS and NDR Relief in the initial emergence from 'lockdown'.
- Findings from BICS indicates that the support received from the Scottish and UK Governments has had a bigger impact on SMEs (73% felt it had helped them continue trading) than on larger businesses (65%), largely reflecting the targeting of SG support at smaller businesses.
- Reflecting the high uptake of the CJRS, feedback from the business representative organisations highlighted the fundamental role the scheme has played in maintaining business viability and the likely impact that its unwinding may have on redundancies if demand remains weak and businesses' turnover is insufficient to cover wage bills. This is supported by results of the sectoral viability modelling which indicate that business support – CJRS in particular – was crucial in maintaining a degree of profitability in the worst affected sectors at crucial stages in the pandemic.
- Of the Scottish-specific schemes, the two core grant funds (Small Business Grant and Strategic Framework Business Fund) appear to have had the biggest impact, reflecting their scale relative to the other interventions.
- Feedback from the business representative organisations indicated that the loan schemes were less popular than grant schemes, with many businesses reluctant

to take on new debt given the uncertainties they face. Nevertheless, the number of businesses receiving financial support from the UKG government-backed loan schemes has increased since the initial evaluation undertaken in summer 2020 indicating that businesses are taking tentative, but necessary, measures to survive in subsequent lockdowns.

- Where debt has been taken on, there were fears that it may hamper business recovery and growth for many businesses. This indicates that the loan schemes may potentially have a lower net benefit to businesses than the grant schemes.

### **Additionality of Scottish Government Support**

- BICS data shows that a higher proportion (82%) of businesses that received Scottish Government support (including those also receiving support from the UK Government) felt it helped them continue trading compared to those that received UK government support only (65%). This suggests Scottish Government support had an 'additional' impact, over and above the impact of the UK Government schemes.
- The share of businesses that received SG support (including those that also received support from the UKG) that reported it helped them continue trading has declined slightly compared to the last comparable waves of BICS in 2020, while those that received UKG support only has been relatively stable.
- Feedback from the business representative organisations suggests that Scottish Government support had filled many gaps in UK Government support but only for a limited number of businesses and sectors.
- At the time of analysis, the extent to which the sectoral viability model methodology can be applied to assess the relative impacts of SG support is relatively limited. As data on sector level disaggregations of take-up of SG support improves, future modelling could be more precise. Nonetheless, modelling results indicate that the support provided by the Business Support Fund Grants, on their own, have been effective in softening impacts of restrictions, but at the aggregate level have not restored viability close to pre-COVID levels in the worst affected sectors.

### **Application Process for Scottish Government Schemes**

- Businesses remained content with the level of advice and support available, although this was less positive than feedback collected in summer 2020 following the first lockdown.
- Feedback from the initial evaluation undertaken in the summer of 2020 found that business representative organisations recognised that the SG was working at pace and therefore some of the issues encountered were understandable given the timescales involved; however, some of these issues continued to be highlighted in this exercise.
- Businesses described a confusing landscape and difficulties in finding information on the schemes available. Some businesses were unaware of the support available to them.
- Businesses felt the application process for some schemes was cumbersome and inefficient. Some businesses report not having received any explanation for having their application rejected.
- Feedback on application processing times was mixed. A noted complaint following the first lockdown in 2020 was the perceived inconsistencies of

approach across local authorities when appraising applications for the Business Support Fund Grants and differences in the efficiency at which applications were processed, however this appeared to not be as much of an issue for the subsequent grant schemes.

### **Perceived Gaps in Support**

- Although the support offered by Scottish Government addressed some identified gaps in UK Government support, the two together did not and were not intended to provide total coverage of all sectors of the economy.
- Perceived gaps identified in feedback gathered for this evaluation included businesses not linked to the rates system, businesses that had second-hand impact from directly affected sectors (e.g. suppliers), and early-stage businesses that did not have sufficient financial history.
- Business representative organisations highlighted the continuing impact of the pandemic on businesses as the COVID-19 context changes and restrictions are relaxed, and called for continued and flexible support. In particular, businesses highlighted concerns about the unwinding of CJRS. This is echoed in the BICS and management data where a significant number of businesses were still using CJRS, and the sectoral viability model which demonstrates the importance of CJRS for sectors where demand remains weak.
- Business representative organisations identified some areas where further support might be considered, including:
  - support and practical advice for businesses to comply with physical distancing and health and safety requirements;
  - support for businesses that are digitally unequipped to gain from the accelerated trend in e-commerce;
  - support for businesses operating on a largely seasonal basis; and,
  - support for businesses required to close for longer periods.
- In addition, business representatives highlighted: the need for advice and support for the newly unemployed; recommended collaboration with stakeholders when designing and processing future support schemes; COVID-19 induced skills shortages; the need for support to develop local supply chains; the opportunity to use green investment to drive the recovery; and the role the Scottish National Investment Bank could play in the recovery.

### **Conclusions**

This evaluation report has brought together updated evidence from scheme management information data, survey data, business intelligence and modelling work to provide an early stage evaluation of the initial impact of the business support schemes available to businesses in Scotland. It has shown that:

- The support provided by the Scottish and UK Governments has provided lifeline support to businesses during 'lockdown', helping most businesses survive up to this point. However, the viability analysis shows levels of support have not been sufficient to offset losses across many sectors, resulting in some businesses closing and some letting go off staff to cope with financial pressures resulting from the pandemic.
- While the CJRS has had the greatest reach and impact, the support provided by the SG, which focussed on small businesses and sectors most impacted by lockdown, has provided complementary support, filling many gaps in UK

Government Schemes and has had an 'additional' impact on business survival over and above the UK Government schemes.

- Grant support appears to have been a more popular means of support for businesses to cope with the impact of COVID-19 in the short- and longer term. Businesses were worried about the impacts of 'debt overhang' especially on investment.
- Some issues remained in the application for and processing of schemes.
- As the support package unwinds due to the loosening of restrictions in summer 2021, businesses' viability is mostly reliant now on the rebounding of the economy and consumer demand. Early indicators are pointing to a recovery in both Scotland and the UK, however sectoral differences are expected to remain in the near future as businesses in the most affected sectors deal with issues such as reduced savings and debt.

## 1. Introduction

This report builds on work earlier in the pandemic to evaluate the impact of the COVID-19 business support measures available in Scotland<sup>1</sup>. The analysis presented in this report was carried out in autumn 2021 and considers measures introduced by both the Scottish and UK Governments up to summer 2021. It draws on scheme management information data available at that point, survey data, business intelligence from business representative organisations and enterprise agencies, as well as modelling work undertaken by the Scottish Government's (SG) Office of the Chief Economic Adviser (OCEA) to understand the outputs of the schemes (in terms of numbers of businesses and jobs supported) and early outcomes (in terms of the extent to which the measures introduced have helped businesses survive through the immediate crisis). Where possible, it assesses the distribution of scheme results by geography, sector of the economy, firm size and other socioeconomic characteristics to understand equalities issues and potential gaps in support. It considers the extent to which needs are being met by the current package of support and what measures could be considered as the COVID-19 situation evolves.

While the COVID-19 pandemic is first and foremost a health crisis, it has also significantly impacted businesses and the economy. The public health measures introduced to contain the spread of the virus necessitated the temporary closure of many businesses during multiple lockdown periods and require others to restrict or change how they operate. Many businesses that remained open also saw a fall in demand for their products, with significant impacts on their turnover and cash flows.

Scotland's output is estimated to have increased by 0.9% in May 2021, following increases of 1.6% in April, 2.6% in March and 1.5% in February, after falling by 3.1% in January 2021 and 0.6% in December 2020. At this time, there were still significant restrictions on economic activity as Scotland continued lockdown measures in response to a third wave of infection. Despite the increase in April, gross domestic product (GDP) remains 2.7% below the level in February last year when lockdown measures were introduced in March 2020<sup>2</sup>. We have also seen a rising number of redundancies across sectors as businesses restructure to reopen in different market circumstances and some close due to failure. Below the aggregate data, impacts differ across sectors, reflecting their ability to trade during the pandemic. After output fell in nearly every industry during the first lockdown, the results for the subsequent lockdown periods and local restrictions are more mixed. Some parts of the economy are estimated to have seen a pickup in activity as firms and consumers adapted to physical distancing and some people returned to work. However, other industries across the services sector experienced further falls in output.

Given the pace and scale of the collapse in economic activity, the Scottish and UK Governments introduced a significant package of business support measures aimed at helping businesses to survive and maintain employment through the crisis. It

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<sup>1</sup> Summary available at [Monthly economic brief: October 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/monthly-economic-brief/2020-10-01/pages/5-6.aspx) pp5-6

<sup>2</sup> Sourced from [Scottish Government, GDP Monthly Estimate Scotland: April 2021](https://www.gov.scot/publications/gdp-monthly-estimate-scotland/2021-04-01/pages/1-2.aspx). Please note, these are designated as experimental official statistics, which means that they are still in development but have been release to enable their use at an early stage. These results are provisional and likely to be revised in the coming months as data sources and methods are further improved.

should be noted that this package of support was not intended to fully compensate businesses for any losses they faced as a result of the pandemic or the restrictions that have been in place to control the spread of the virus.

Since the start of the pandemic the Scottish Government (SG) has allocated more than £3 billion to support businesses – more than a third of overall COVID-19 spend. This includes a package of measures from April 2020 in response to lockdown restrictions:

- package of rates relief and other NDR Income measures;
- schemes administered by local authorities such as the Small Business and Retail, Hospitality, and Leisure Grant funds;
- schemes administered by enterprise agencies such as the Pivotal Enterprise Resilience Fund (PERF) and Creative, Tourism and Hospitality funds;
- funds created to respond to evolving nature of the pandemic such as the COVID-19 Restrictions Fund and the Strategic Framework Business Fund;
- support to fill gaps such as the Newly Self-Employed Hardship Fund, Contingency Fund and Furlough Grant;
- other sector specific support.

There have been two periods of core grant operation in Scotland to date:

- Emergency period from April 2020 to October 2020.
- Strategic Framework Business Fund from October 2020 to April 2021.

This is in addition to support introduced by the UK Government (UKG) which was available to businesses in Scotland including:

- support for earnings for the employed (the Coronavirus Jobs Retention Scheme (CJRS) and the self-employed (Self Employed Income Support Scheme (SEISS));
- government-backed loans and finance agreements (Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Bounce Back Loan Scheme (BBLs)); and
- the deferral of payments of VAT and self-assessment income tax.

## 1.1 Aims and Objectives

In summer 2020, OCEA agreed with Ministers to have an ongoing programme of evaluation of Scottish Government COVID-19 business support; this began in June 2020. OCEA produced an evaluation report<sup>3</sup> which covered early business support schemes in response to the first lockdown. Since the first version of this evaluation report, the COVID-19 context has evolved, with further restrictions introduced in October 2020, and another lockdown at start of 2021. These further restrictions were accompanied by additional business support schemes – taking the total business support to £3.7 billion as at June 2021 (more than £2.7 billion in grants and £965 million in non-domestic rates reliefs). Against this background, OCEA have produced this evaluation report to evaluate the impact of support offered up to summer 2021.

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<sup>3</sup> Summary available at [Monthly economic brief: October 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/monthly-economic-brief-2020-10/pages/5-6/) pp5-6



**Table 1: Support Schemes in Scope of Evaluation**

	<b>Scheme Name</b>
UK Government	Coronavirus Job Retention Scheme
	Self-employed Income Support Scheme
	Coronavirus Business Interruption Loan Scheme
	Coronavirus Large Business Interruption Loan Scheme
	Bounce Back loan scheme
	COVID Corporate Financing Facility
	Future Fund
	Eat Out to Help Out
Scottish Government	Business Support Fund Grants (Small Business Grant Scheme and Retail, Hospitality and Leisure Business Grant Scheme)
	Non-Domestic Rates Relief (100% Retail, Hospitality and Leisure / Airport & 1.6% Universal)
	Strategic Framework Business Fund
	Strategic Framework Business Fund Transition Payment and Restart Grant
	COVID-19 Localised Restrictions Fund
	Local Authority Discretionary Fund
	Hospitality, Retail and Leisure Top Up funds
	Newly Self-employed Hardship Fund
	Creative, Tourism and Hospitality Enterprises Hardship Fund
	Pivotal Enterprise Resilience Fund
	Island Equivalent Fund
	Mobile and Home Based Close Contact Services Fund
	Support for Small Accommodation Providers Paying Council Tax Fund
	Taxi and Private Hire Driver Support Fund
	Museums and Galleries Scotland Funds
	Scottish Wedding Industry Fund
	Events Industry Support Fund
	Visitor Attractions Support Fund
	Scotland Coach Operators COVID-19 Business Support and Continuity Fund
	Business contingency Fund Grants
	Culture Collective Fund
	Hardship Fund Creative Freelancers
	Cultural Organisations and Venues Recovery Fund
	Tour Operators Fund
	Pivotal Event Businesses Fund
	Scottish Wholesale Food and Drink Resilience Fund
	Performing Arts Venues Relief Fund
	Sea Fisheries Support Scheme
	Seafood Resilience Fund
	SME Liquidity Fund (House builders)
	Creative Scotland and Screen Scotland Bridging Bursary Funds

## 2. Evaluation Approach

This report considers the outputs and indicative outcomes of the COVID-19 business support measures available in Scotland up to summer 2021 to guide ongoing policy thinking on business support as the COVID-19 situation evolves. Outputs are considered in terms of numbers of businesses and jobs supported and indicative outcomes are considered in terms of the extent to which the measures introduced have helped businesses survive through the immediate crisis. It is an action-focused exercise that combines ongoing monitoring of uptake of support under each of the schemes with an assessment of what the schemes are achieving.

The initial evaluation report (completed in summer 2020) focused on the package of support covering the first lockdown in spring-early summer 2020. This report builds on the initial evaluation report and covers the extended package of support available up to summer 2021. Further evaluation beyond this point will be considered depending on the direction of the pandemic.

### 2.1 Data Sources

Qualitative and quantitative data for the evaluation is drawn from a range of sources as outlined below to identify and measure the outputs and short-term outcomes of the business support measures. It should be noted that due to the nature of some of these statistical publications, data lags exist and some figures may refer to different years or periods. The statistics set out in this report are the most recent data available at time of writing:

- scheme management information on applications and approvals
- data on scheme uptake and the impact of the overall package of support from the Office for National Statistics (ONS) Business Insights and Conditions Survey (BICS) and the UK Government Department for Business, Energy & Industrial Strategy's (BEIS) Longitudinal Small Business Survey.
- business intelligence on the immediate impacts of support gathered from the business representative organisations and enterprise agency account managed businesses (individual businesses were not surveyed given the pressures they are under due to the pandemic and the availability of the data set out in the bullets above)
- OCEA's Strategic Framework Sector Viability modelling framework, which simulates the impact of COVID-19 on business viability and evaluates the impact of Government support across sectors.

At the time of writing the initial evaluation, in summer 2020, there were limited timely sources available for measuring the impact of the pandemic. This second evaluation report has the advantage of being undertaken over a year since COVID-19 was first identified in Scotland, which allows the analysis of, now published, secondary sources that measure the impact of the pandemic on Scotland's economy:

- existing macro and micro economic data on impact of COVID-19 on businesses and the economy
- existing published business surveys and enterprise agency business intelligence.

## **Scheme management information data**

Information on applications and approvals (by number and value) is available from the management information generated from administration of each scheme. This second evaluation report has limited scope to cover schemes that are closed, however the management information data for certain schemes is still incomplete with some schemes still processing applications or appeals. For some schemes, the figures presented in this report may therefore be subject to change which will be made clear. In addition, data for Scotland is not yet available for some of the UK Government schemes. For other schemes, such as non-domestic rates (NDR) relief, the management information is still being processed. Further updates will be provided as more evidence becomes available.

The extent to which disaggregated management information is available differs significantly by each scheme. Where possible, breakdowns are provided by:

- sector: where possible, breakdowns are provided at UK Standard Industrial Classification (SIC) section level.
- geography: where possible, breakdowns are provided by local authority and by urban and rural classification using the SG's Rural and Environmental Science and Analytical Services (RESAS) Division's classification which classifies local authorities according to their level of rurality. The RESAS classification of local authorities as either urban or rural can be seen in [Annex 3](#).
- firm size: where possible, breakdowns are provided by business size based on number of employees: micro (1-9 employees); small (10-49 employees); medium (50-249 employees); and large (250+ employees).
- equalities characteristics: equalities information is not available for most schemes, with the exception of the UK Government's Future Fund, Job Retention Scheme and Self-Employment Income Support Scheme.

## **Business Insights and Conditions Survey**

The Business Insights and Conditions Survey (BICS) is a UK-wide fortnightly business survey, published by the ONS. It delivers real-time information to help assess the impact of issues and events affecting the economy and UK businesses in areas including financial performance, workforce, prices, trade and business resilience. The survey was previously named the Business Impact of Coronavirus Survey (BICS) but has since been renamed to reflect all aspects of the questionnaire but its purpose remains the same. Some of the Scotland level data is currently classed as experimental statistics.

The results for Scotland presented here have been weighted using the SG's Office of the Chief Economic Adviser's (OCEA) own weighting system to be more representative of the business population in Scotland. Note that in some cases, the weighted data for Scotland cannot be compared to ONS' published UK data.

The results in this report relate to different waves of the survey depending upon the latest available wave that questions were asked (as not all questions are covered in each wave). The data is for businesses with 10+ employees with a presence in Scotland. The coverage of micro businesses (1-9 employees) in BICS for Scotland is currently not robust. Breakdowns are provided for sector and business size (SMEs

and large businesses), however breakdowns by geography are not available at this time due to small sample sizes. The results for Scotland, particularly the sectoral results, should be treated with caution given small sample sizes. Where possible, it should be corroborated with other sources to test for robustness.

## **Longitudinal Small Business Survey**

The Longitudinal Small Business Survey is an annual UK-wide survey of small and medium-sized enterprises (SMEs) commissioned by BEIS. The 2020 survey, published in August 2021, asked questions on the uptake and impact of COVID-19 business support offered by both the Scottish and UK Governments. Fieldwork was undertaken during the pandemic over the period September 2020 to April 2021. High level data is provided for Scotland in the publication with a sample size of 505 for SME employers and 158 SMEs with no employees (sole traders). The results for Scotland should be treated with caution given small sample sizes.

High level results for Scotland as a whole will be referenced in this report, however disaggregated results for Scotland will be available with the subsequent publication of the Small Business Survey Scotland 2020. These disaggregated results, which will include breakdowns by sector, size and urban rural location, will be included in the full evaluation of COVID-19 business support schemes.

## **Business intelligence**

OCEA invited representatives of business organisations to provide feedback on the business support measures introduced to mitigate the impact of the COVID-19 pandemic and health measures on businesses. Views were invited on:

- the extent to which the package of support offered by the Scottish and UK Governments assisted businesses to continue trading and maintain employment, and scheme(s) that had the biggest impact
- the extent to which SG support addressed gaps in the support offered by the UKG
- the extent to which the application process and information provided for the SG schemes was sufficient and easy to navigate
- any recommendations for potential similar support in the future.

Returns were received from the Federation of Small Businesses (FSB), the Scottish Chambers of Commerce (SCC), the Scottish Tourism Alliance (STA), and the Institute of Directors (IoD). Supplementary information was also provided by most of these organisations, and others who did not respond to the OCEA questionnaire, in the form of surveys they had undertaken of their own members and letters sent to Scottish Ministers on the package of business support provided. Intelligence gathered by Scottish Enterprise and Highlands and Islands Enterprise from their account managed firms provided further evidence.

## **OCEA Strategic Framework Sectoral Viability Model**

To better understand the sectoral impacts, including the viability of businesses, OCEA has developed a framework for assessing how the COVID-19 pandemic and lockdown are affecting business profitability across different sectors of the economy. The framework simulates the impact of COVID-19 on sectoral profitability using survey data from Scottish Annual Business Statistics.

The framework applies estimates of impacts on output for each sector under different levels of restrictions to simulate the projected impacts of COVID-19 on business viability in terms of profitability and risk to employment. It evaluates the impact of government support such as business rates relief, the Job Retention Scheme and other grants. The framework also allows for monitoring of how profitability is impacted by the re-opening of the economy as we emerge from lockdown. This will inform assessment of the need for on-going support to sectors of the economy and the risk to businesses and jobs as the COVID-19 context changes.

There are some notable sectors missing from the results of this modelling presented here. The methodology used for this analysis cannot be applied to sectors reliant on atypical sources of revenue. For example, at section level, Education and Health & Social Work sectors are reliant on public sector funding rather than accruing turnover through sales of goods and services, and so business viability is not aligned to profitability as estimated using this method. Similarly, Arts, Entertainment & Recreation, while recognised as being among the sectors most significantly affected by the pandemic, is not included here – this sector contains sub-sectors reliant on atypical sources of revenue, as well as sub-sectors for which underlying base data is deemed to be unreliable.

### 3. Impact of COVID-19 on Scotland's Businesses and Economy

This section of the report provides contextual analysis setting out the impact of the COVID-19 pandemic on the Scottish economy and its businesses. Existing macro and microeconomic data is used.

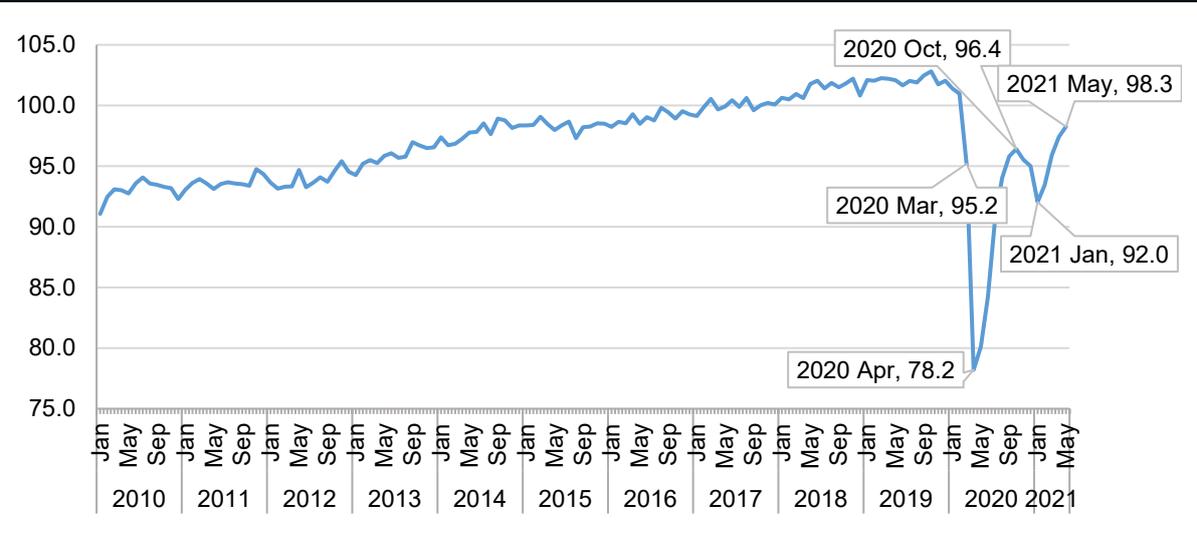
#### High level timeline of COVID-19 restrictions in Scotland:

- national lockdown in **March 2020**
- gradual easing of trading restrictions from **May 2020**
- localised reintroduction of trading restrictions from **August 2020**
- central belt trading restrictions in **September 2020**
- increased 'circuit breaker' regional restrictions in **October 2020**
- easing of some retail restrictions in **December 2020**
- national lockdown from **26 December 2020**
- gradual easing of trading restrictions from **March 2021**
- mainland local authorities in levels 1 or 2 in **June 2021**
- whole country expected to enter level 0 in **July 2021**
- remaining legal restrictions to be lifted in **August 2021**

#### Scotland's Economy

While the COVID-19 pandemic is first and foremost a health crisis, it has also had an unprecedented impact on businesses and the economy since March 2020. The public health measures introduced to contain the spread of the virus necessitated the temporary closure of many businesses during multiple lockdown periods and required others to restrict or change how they operate. Chart 1 below shows how severely the COVID-19 pandemic has affected Scotland's onshore GDP over the past year. Two significant dips can be seen as output fell by 17.8% in April 2020 compared to March 2020 due to the first national lockdown and fell again in January 2021, however to a lesser extent.

**Chart 1: Monthly GDP Index, January 2010 to May 2021**  
Chained volume measure, 2017=100

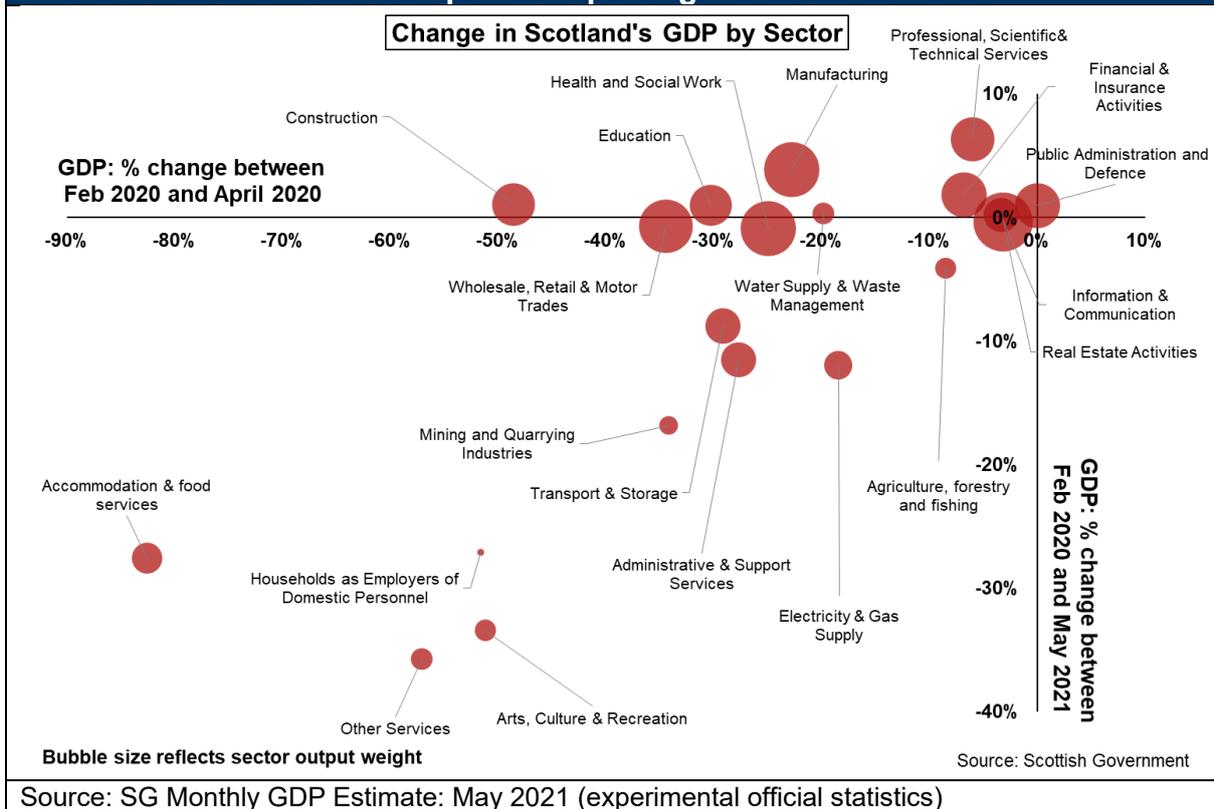


Source: SG Monthly GDP Estimate: May 2021 (experimental official statistics)

The economy appears to have become more resilient in subsequent lockdowns as businesses and consumers adapted to the ongoing restrictions. Business and labour market support will have also played a part in easing the impact of the pandemic on Scotland's economic performance. Output is estimated to have increased by 0.9% in May 2021, with growth in many sectors of the economy despite the ongoing restrictions for some customer-facing services. This is the fourth consecutive monthly increase in GDP, after output reached its recent lowest point in January when the second lockdown period was extended across mainland Scotland. Despite this recent increase, output remains 2.7% below the level in February 2020 (3.1% down for the UK), prior to the direct impacts of the COVID-19 pandemic, however it is now 1.9% higher than at the recent high point in October before regional restrictions began to be applied in the autumn.

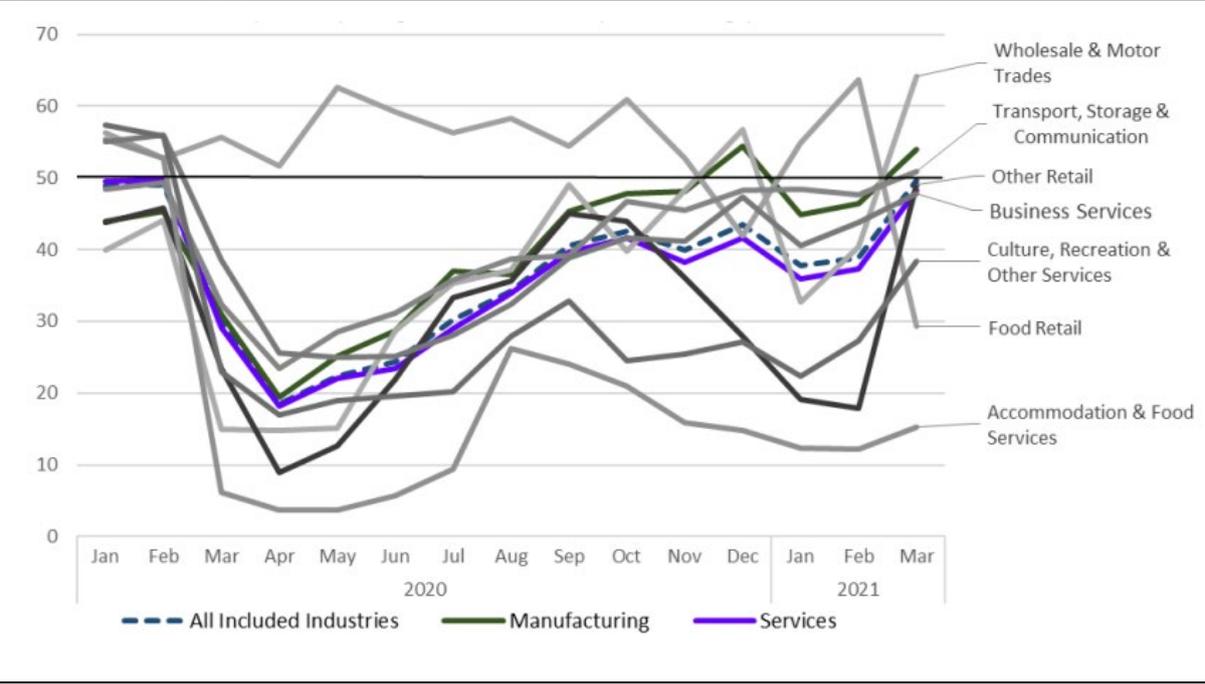
Recovery from the national lockdown in 2020 has been unequal across sectors with some recovering close to pre-pandemic levels whilst others continue to lag behind (chart 2). Scotland's GDP fell by 22.6% over February-April 2020 during the national lockdown. This varied significantly by sector, for example, Accommodation & Food Services output fell by 82.6% while Financial & Insurance Activities output fell by 6.8%. The pace of recovery has also varied by sector, reflecting the impact of restrictions during the year. The Accommodation & Food Services and Arts, Culture & Recreation sectors remain below levels in February 2020 (27.6% and 33.4% respectively), while Manufacturing (which fell by 22.8% over February-April 2020) recovered to its pre-pandemic level in May 2021. The Accommodation & Food sector accounts for 3.2% of Scotland's output. Collectively, the four sectors remaining furthest below February 2020 output levels accounted for 7% of output in May 2021.

**Chart 2: Net balance of companies reporting increased turnover**



The Monthly Business Turnover Index gives an early indicator of business activity in Scotland and shows the impact on businesses' turnover following March 2020 (chart 3). Nearly all sectors saw a significant decline in turnover in 2020 apart from Food Retail. Compared to 12 months ago, the all-industry business turnover index is 49.7. This indicates that, on balance, turnover is at a similar level in real terms to March 2020. It should be noted that this will still be lower than pre-pandemic levels in February 2020, due to the sharp drop that occurred in March 2020 when the first lockdown began.

**Chart 3: Net balance of companies reporting increased turnover  
(50 = no change)**



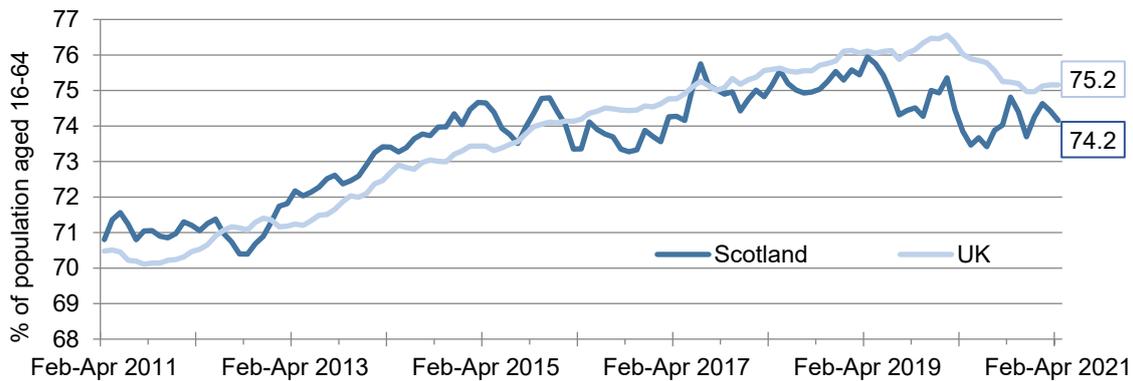
Source: SG Monthly Business Turnover Index, March 2021

The index remains strongly negative for the Accommodation & Food Services sector and the Culture, Recreation and Other Services sectors, with many face to face or indoor services subject to ongoing restrictions in recent months. The Food Retail sector shows a sharp dip in March 2021, which is likely to reflect that sales are lower this year than they were when people were panic buying items in March 2020.

**Labour Market**

The labour market has also been impacted as a result of the unprecedented restrictions placed on business in response to the COVID-19 pandemic. The estimated employment rate (the proportion of people aged 16-64 in work) in Scotland between February-April 2021 was 74.2%, down 1.2 percentage points since December 2019-February 2020 (pre-pandemic). Scotland's employment rate saw a sharper fall in 2020 compared to the UK and remains below the current UK rate of 75.2%. It should be noted that ongoing use of the CJRS makes the extent of recovery in Scotland's labour market difficult to measure.

**Chart 4: Employment rate (16-24), Scotland and UK**  
Seasonally adjusted

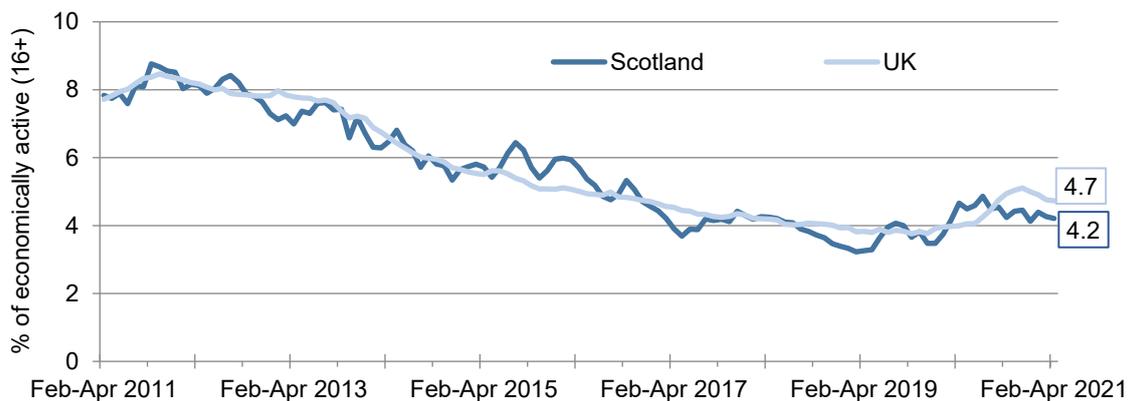


Source: Labour Force Survey<sup>5</sup>, ONS

The estimated unemployment rate (16+) in Scotland between February-April 2021 was 4.2%, down 0.5 percentage points since December 2019-February 2020 (pre-pandemic) but up 0.1 percentage points over the quarter. While Scotland's employment rate is below the UK as a whole, the unemployment rate was lower than the UK rate of 4.7%. This is partly explained by Scotland's higher economic inactivity rate compared to the UK (22.6% and 21.0% respectively).

By gender, the unemployment rate over the year (Jan-Dec 2020) for women was 3.9% (4.5% in the UK) compared to 4.5% for men (4.9% in the UK). The unemployment rate for both women and men was lower than a year ago (down 0.7% and 0.2% respectively). In Jan-Dec 2020, the young person's unemployment rate was 13.5%, higher than a year ago (8.3%) and higher than the UK rate of 13.3%<sup>6</sup>.

**Chart 5: Unemployment rate (16+), Scotland and UK**  
Seasonally adjusted



Source: Labour Force Survey, ONS

<sup>5</sup> Employees who are furloughed will be classed as employed but temporarily away from work in the Labour Force Survey and also included in payrolled employee estimates from HMRC.

<sup>6</sup> Annual Population Survey (APS), Jan-Dec 2020.

The COVID-19 pandemic and the subsequent cycle of lockdowns and restrictions imposed to curb infection rates have also had a significant and negative impact on the self-employed in Scotland, but to a lesser extent than in the UK as a whole (table 2). In Q4 2020, self-employment fell by 12% across the UK compared to Q1 2020, while Scotland saw a decline of only 2%. Scotland, however, did record the second lowest self-employment rate of 12.14% in Q4 2020 out of the UK regions (13.79% for UK as a whole).

<b>Table 2: Self-employment by region in absolute numbers (in thousands, rounded) and percentage change, 16+</b>					
	Oct-Dec 2020	Oct-Dec 2019	% Change Q4 2020 vs Q1 2020	% Change Q4 2020 vs Q3 2020	% Change Q4 2020 vs Q4 2019
North East	137	145	-7.49	0.98	-5.62
North West	410	450	-11.42	-5.89	-8.80
Yorkshire and Humberside	343	358	-2.78	2.19	-4.02
East Midlands	277	338	-15.29	-7.93	-17.89
West Midlands	327	380	-13.03	-5.61	-14.02
East of England	422	489	-13.67	-4.79	-13.63
London	760	902	-16.22	-4.39	-15.74
South East	641	791	-14.82	2.13	-18.96
South West	413	475	-11.12	-4.36	-12.96
Wales	172	193	-5.81	-4.51	-10.97
<b>Scotland</b>	<b>303</b>	<b>315</b>	<b>-2.17</b>	<b>0.77</b>	<b>-3.81</b>
Northern Ireland	111	134	-18.00	-6.69	-16.77
<b>United Kingdom (Total)</b>	<b>4316</b>	<b>4970</b>	<b>-12.05</b>	<b>-3.05</b>	<b>-13.11</b>

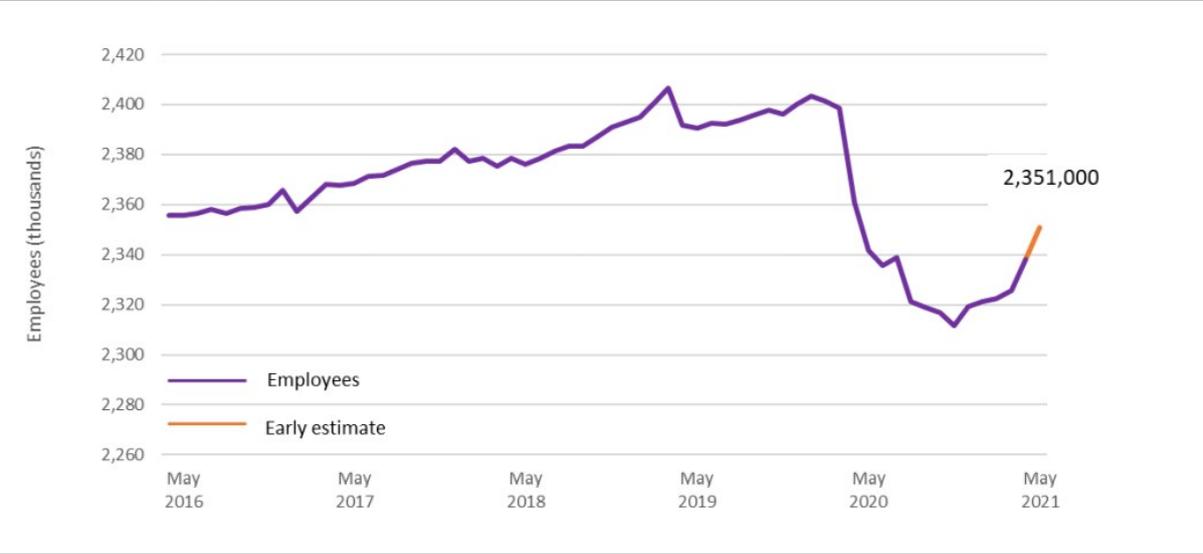
Source: Quarterly Labour Force Surveys, weighted data. UKRI analysis.

Note: Excluding full-time students. Unpaid family members are not counted as self-employed.

For the UK, the worst hit industrial sectors in Q4 2020 for self-employment were Accommodation & Food Services, Manufacturing and Construction. Only Financial & Insurance Activities saw an increase in the number of self-employed workers compared to the previous year. Disparities by gender are small, but under 45s saw substantially higher decreases in self-employment than the over 45s. There are also concerning high decreases of ethnic minority self-employment, with a 24.1% and 27.4% decrease in self-employment in Asian and Black ethnic groups respectively, compared with only an 11% decrease in White self-employment.

Pay As You Earn Real Time Information shows that there were 2.4 million payrolled employees in Scotland in May 2021. Compared with the same month the year before, the number of payrolled employees had risen by 0.4% (9,000). This compares with a rise of 0.5% for the UK over the same period. The estimated number of payrolled employees in Scotland in May 2021 fell by 2.1% (50,000) compared with February 2020, the last month prior to the pandemic. This compares with a fall of 1.9% for the UK over the same period.

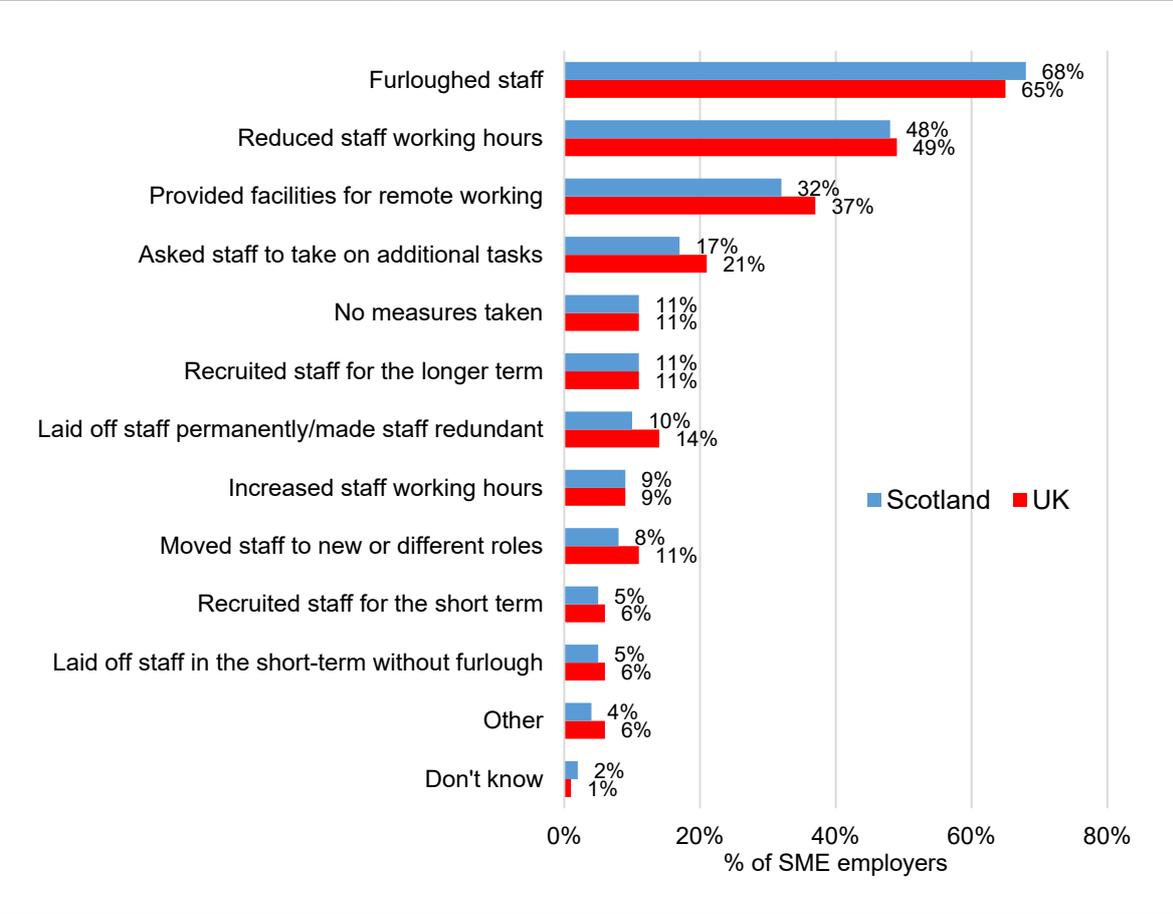
**Chart 6: Payrolled employees, Scotland, April 2016 to May 2021**  
Seasonally adjusted



Source: HMRC PAYE (experimental statistics)

Results from the Small Business Survey 2020, covering the period September 2020 to April 2021, outline measures taken by SME employers based in Scotland to cope with impact of the pandemic (Chart 7). The most common measures taken were: 68% of SME employers furloughed staff, 48% reduced staff working hours, 32% provided facilities for remote working, and 17% asked staff to take on additional tasks. 1 in 10 SME employers had laid off staff permanently while 5% laid off staff in the short-term without furlough.

**Chart 7: Workforce measures taken by SME employers to cope with impacts of the COVID-19 pandemic**



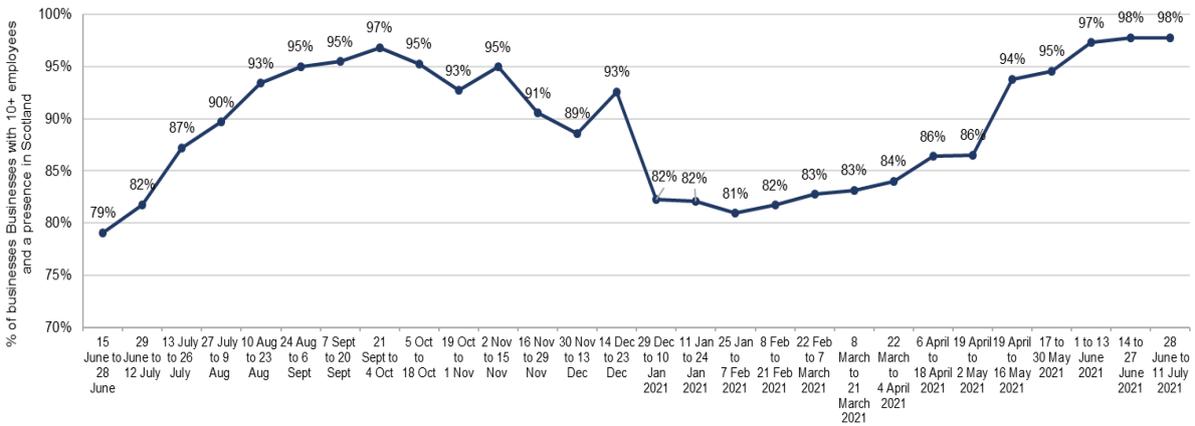
Source: UK Government Small Business Survey 2020

## Businesses

Due to the various COVID-19 restrictions since March 2020, many businesses in Scotland were required to close or at least change the way they operate which had a significant impact on their business performance. Even businesses that were able to trade in some form saw a fall in demand for their products, negatively impacting their turnover and cash flow. Recent evidence shows that the fortunes of some businesses have improved in recent months as restrictions ease in Scotland. Nevertheless, the pandemic is still having a significant impact on many sectors, with turnover for many businesses still below the level they would expect in 'normal' times.

Chart 8 shows the share of businesses in Scotland (with 10+ employees) trading over the course of the pandemic as many consumer facing industries were forced to close. 79% of businesses were trading in the first reported wave when Scotland was exiting its first lockdown while 81% were trading at the lowest point in the national lockdown at the end of 2020 / start of 2021. In the most recent wave of the BICS survey, covering the period 28<sup>th</sup> June to 11<sup>th</sup> July 2021, nearly all (98%) businesses were trading as restrictions eased.

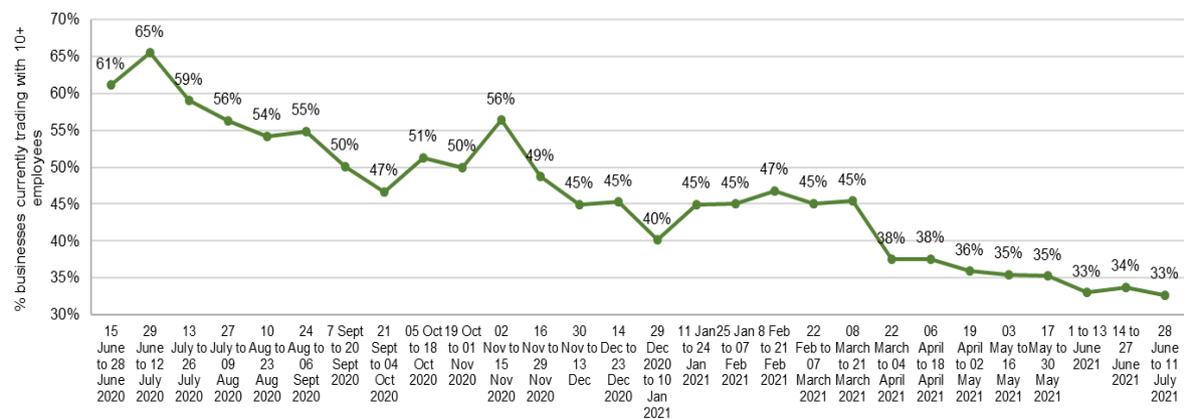
**Chart 8: Share of businesses that are currently trading over time (waves of BICS)**



Source: Business Insights and Conditions Survey (BICS)

A significant share of businesses in Scotland have seen their turnover decline in the past year due to COVID-19 restrictions. At its peak in the period 29<sup>th</sup> June to 12<sup>th</sup> July 2020, 65% of businesses (with 10+ employees) reported decreased turnover compared to what is normally expected for that time of year (chart 9). indicating that they became more resilient.

**Chart 9: Share of businesses reporting decreased turnover compared to what is normally expected for time of year over time (waves of BICS)**



Source: Business Insights and Conditions Survey (BICS)

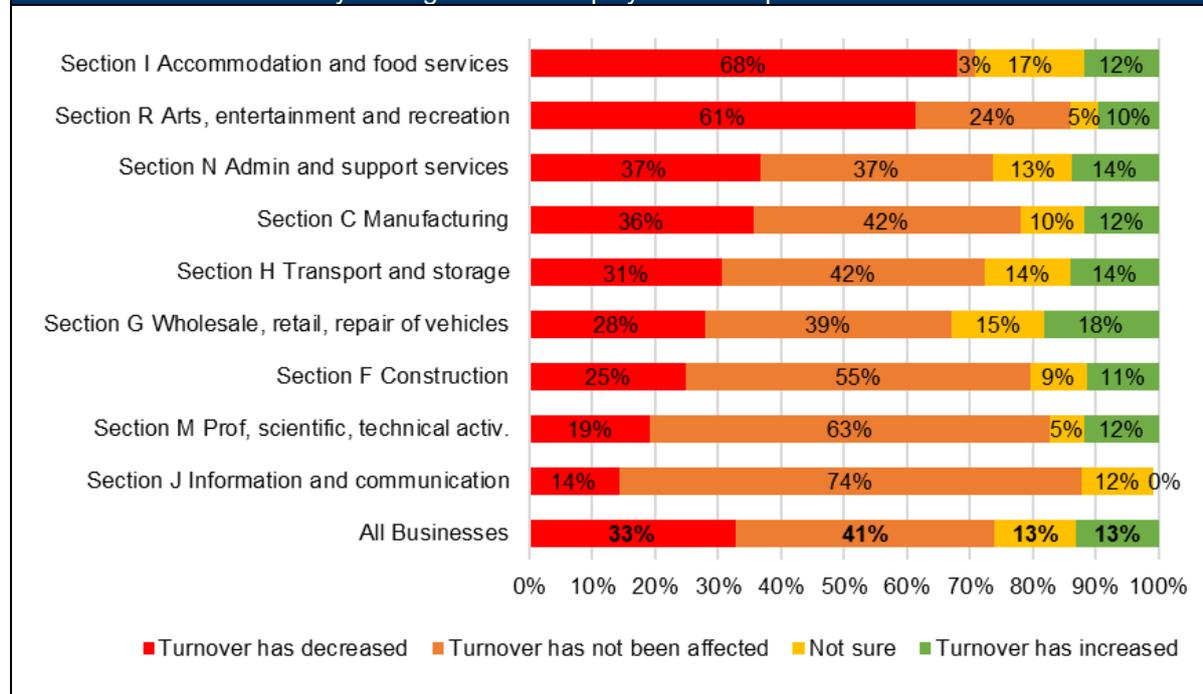
Finances have improved for many businesses with a third (33%) reporting decreased turnover in the most recent wave of the survey (28<sup>th</sup> June to 11<sup>th</sup> July 2021). When businesses were asked the main reason for the change in turnover, 73% reported the COVID-19 pandemic as the cause. On average, businesses were less likely to report decreased turnover in subsequent lockdowns following the first in March 2020.

There were two industry sectors where more than half of trading businesses experienced a decrease in turnover compared with what is normally expected – Accommodation & Food Services (68%) and Arts, Entertainment & Recreation (61%) (Chart 10). 90% of firms in the Arts, Entertainment & Recreation and 89% of

Accommodation & Food Services sectors blamed the COVID-19 pandemic for the change in turnover, higher than average for all businesses in Scotland (73%).

**Chart 10: Impact on turnover compared to what is normally expected for time of year, by sector (Wave 34 – 28<sup>th</sup> June to 11<sup>th</sup> July 2021)**

Base: Businesses currently trading with 10+ employees and a presence in Scotland



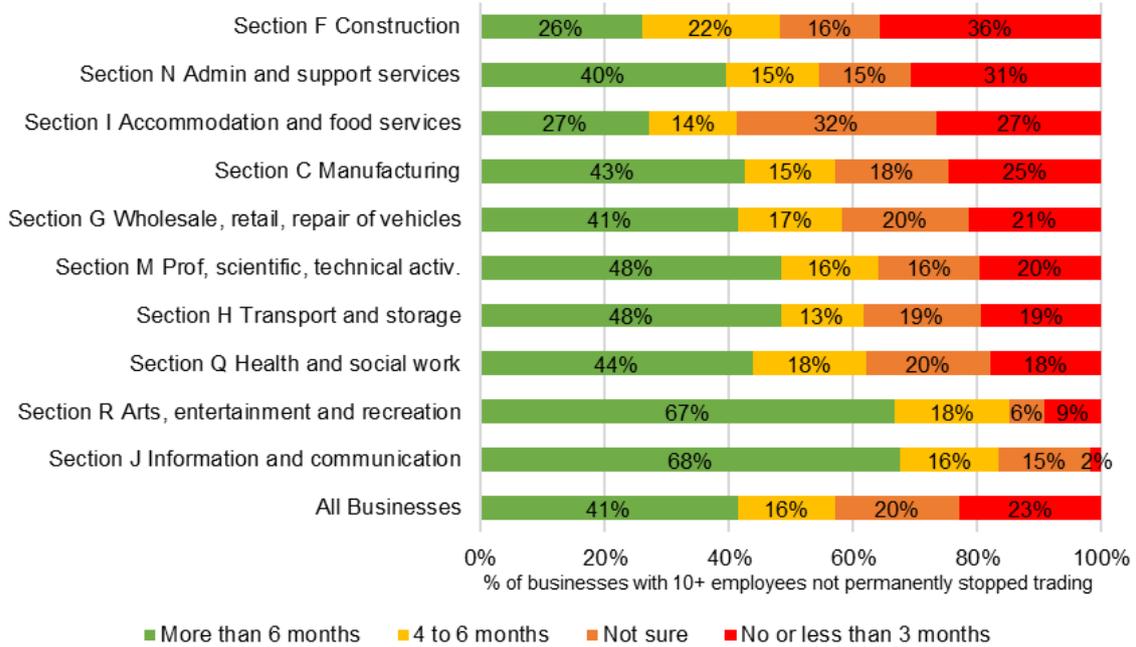
Source: Business Insights and Conditions Survey (BICS) Wave 34

Chart 11 sets out how long businesses in Scotland expect their cash reserves to last, broken by sector. Nearly a quarter (23%) of businesses reported having no or less than three months of cash flow in the most recently available data from BICS<sup>7</sup> (Wave 33 – 14<sup>th</sup> to 27<sup>th</sup> June 2021). Businesses in the Construction (36%), Admin & Support Services (31%) and Accommodation & Food Services (27%) sectors were more likely to report that they had no or less than three months' cash flow.

<sup>7</sup> This question on cash reserves was not included in Wave 34 of the Business Insights and Conditions Survey, therefore Wave 33 is the most recent data available.

### Chart 11: How long businesses expect their cash reserves to last (Wave 33 – 14<sup>th</sup> to 27<sup>th</sup> June 2021)

Base: Businesses not permanently stopped trading (i.e. 'Currently Trading' or 'Paused Trading') with 10+ employees and a presence in Scotland

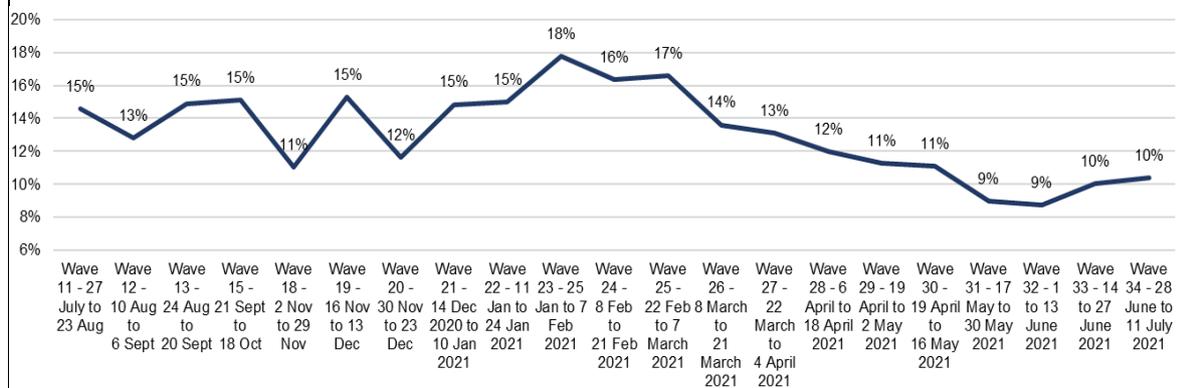


Source: Business Insights and Conditions Survey (BICS) Wave 33

During the national lockdown at the beginning of 2021, a peak of 18% of businesses (with 10+ employees) in Scotland reported that they were insolvent or at least moderately at risk of insolvency (chart 12). This has steadily declined to 10% of businesses in the most recent wave of the survey (28<sup>th</sup> June to 11<sup>th</sup> July 2021).

### Chart 12: Businesses insolvent or at least moderately at risk of insolvency over time (waves of BICS)

Base: Businesses not permanently stopped trading (i.e. 'Currently Trading' or 'Paused Trading') with 10+ employees and a presence in Scotland

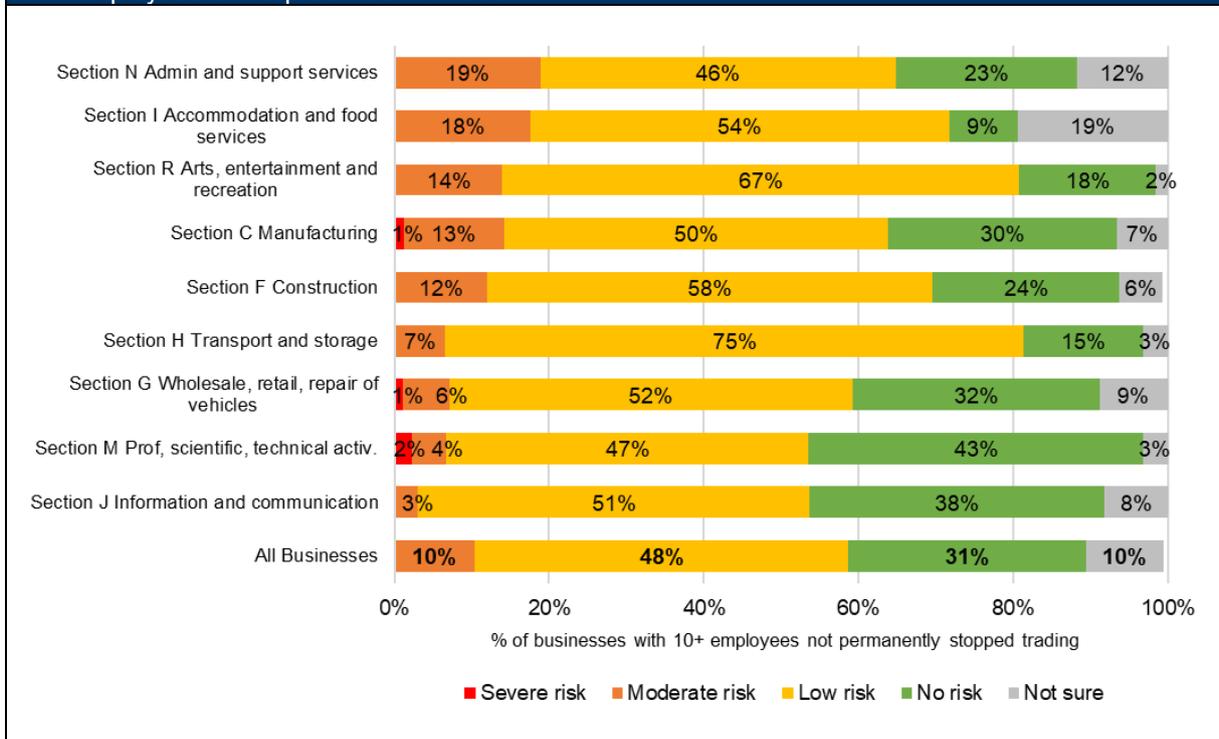


Source: Business Insights and Conditions Survey (BICS)

Businesses in the Accommodation & Food Services, Admin & Support Services, and Arts, Entertainment & Recreation sectors were more likely than average to report they were at risk of insolvency over the past year (chart 13).

**Chart 13: Businesses risk of insolvency (Wave 34 – 28<sup>th</sup> to 11<sup>th</sup> July 2021)**

Base: Businesses not permanently stopped trading (i.e. 'Currently Trading' or 'Paused Trading') with 10+ employees and a presence in Scotland



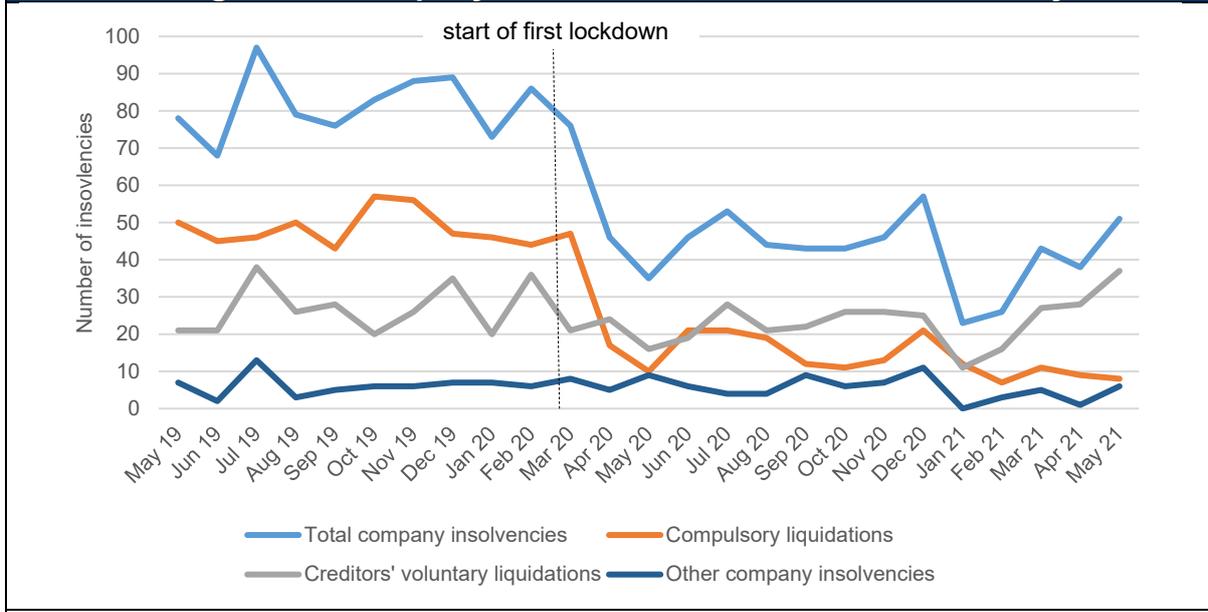
Source: Business Insights and Conditions Survey (BICS) Wave 34

Overall, numbers of registered company insolvencies have remained lower than pre-pandemic levels since the start of the first UK lockdown in March 2020 (Chart 14). There were 51 total corporate insolvencies in Scotland in May 2021, 46% higher than in May 2020 but 35% lower than in May 2019<sup>8</sup>. This indicates that support provided by the Scottish and UK Governments is saving businesses unable to trade normally due to the pandemic from insolvency, although there is a risk that it may also be propping up some firms that would have been competed out of the market in 'normal' times.

Historically, the volume of company insolvencies registered in Scotland has been driven by compulsory liquidations. However, as seen in Chart 14, since March 2020, the numbers of registered creditors' voluntary liquidations have been higher than registered compulsory liquidations in 12 out of 14 subsequent months.

<sup>8</sup> UK Insolvency Service: Monthly Corporate Insolvency Statistics: April 2021.

**Chart 14: Registered Company Insolvencies, Scotland over time May 2019-21**



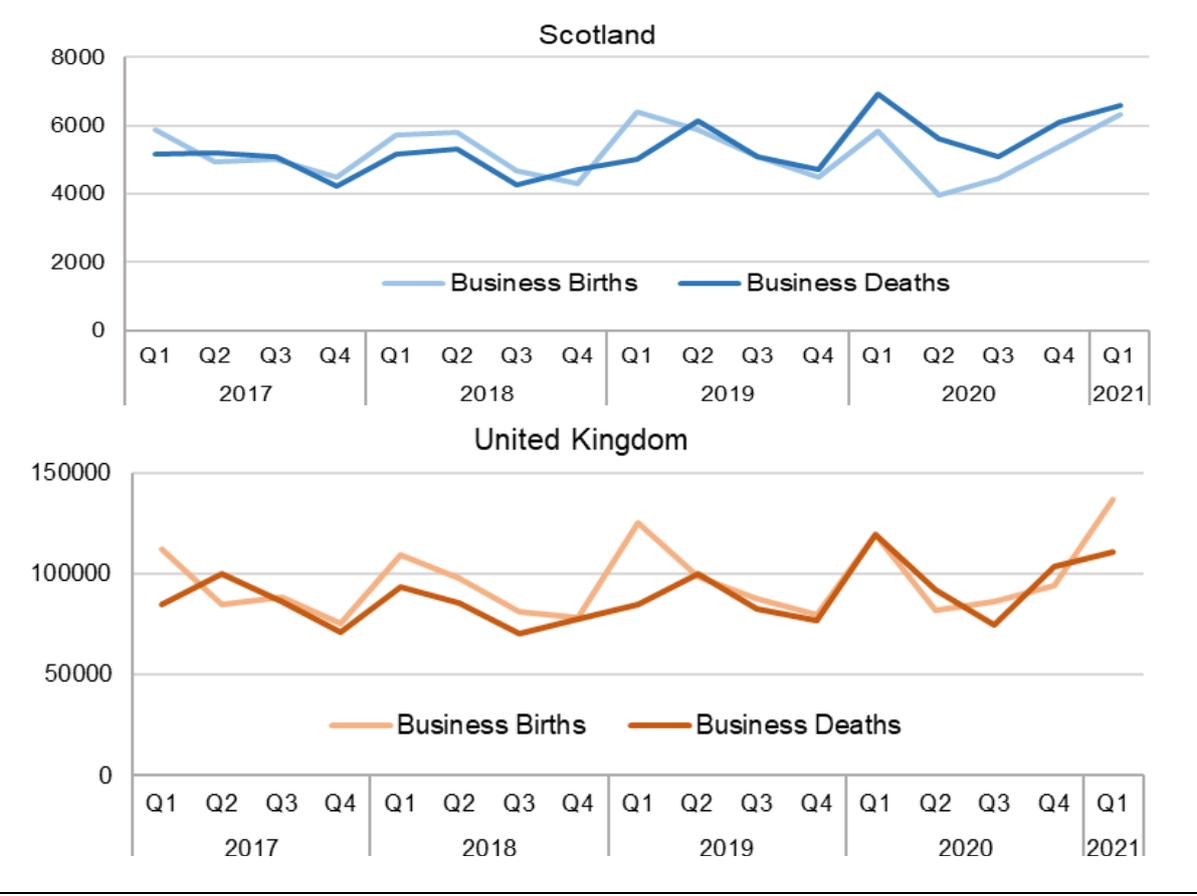
Source: UK Insolvency Service; Monthly Corporate Insolvency Statistics: May 2021

Business deaths peaked in Q1 2020 for both Scotland and the UK as a whole following the onset of COVID-19 pandemic (Chart 15). Business births, on the other hand, did not begin to decline until Q2 2020 and have since rebounded to levels seen before the pandemic. Scotland has yet to overtake business deaths with births as the UK has achieved for Q1 2021 which may be the result of Scotland’s more cautious approach to restriction easing.

Despite the recent strong growth in business creations, the number of closures in Q1 2021 in the UK was 27% higher than the closures in the average of first quarter closures in 2017 to 2019<sup>9</sup>. On this basis, the most significant closures included the Finance & Insurance, Real Estate, and Information & Communication industries. Interestingly, these are industries that have not been targeted for COVID-19 support as they were determined as to have not been directly impacted by restrictions. New UK businesses Q1 2021 were smaller, based on average employment, than those added in Q1 of 2017 to 2020. This is in part due to the rise of online businesses that require fewer employees.

<sup>9</sup> Data for Scotland is not available.

**Chart 15: Business Births and Deaths, UK and Scotland**



Source: ONS Business Demography, quarterly experimental statistics, Q1 2021

## 4. Evaluation Results

This chapter presents the results from the second stage of the evaluation of business support schemes available to businesses in Scotland, drawing on scheme management information data, ONS' Business Insights and Conditions Survey (BICS) data, qualitative evidence from business representative organisations and OCEA's Strategic Framework Sectoral Viability Model. It:

- provides an overview of the uptake of the support schemes;
- considers the impact of the support provided on businesses' viability and survival, and impacts on employment in the short-run;
- considers the 'additionality' of the support provided by the Scottish Government, over and above the impact of the UK Government support; and
- considers how well the schemes are perceived to have been delivered.

### 4.1 Uptake of Business Support Schemes

#### Summary

- Data from the Office for National Statistics' (ONS) Business Insights and Conditions Survey (BICS) shows that 32% of businesses in Scotland received SG grant support, 80% received support from the Coronavirus Job Retention Scheme (CJRS) at its peak and 34% received support from UK Government-backed accredited loans or finance agreements.
- There was a steady increase in the share receiving UK Government-backed loan support over the period June-July 2020 to June-July 2021.
- 43% of businesses still had staff on furlough leave in June-July 2021, highlighting the reliance many businesses had on CJRS even as restrictions eased in Scotland.
- Of the Scottish Government (SG) grant schemes, the Strategic Framework Business Fund had the greatest reach with 20% of businesses in Scotland receiving support. 13% received Small Business Grants, 6% received the Business Contingency Fund, and 5% received financial support from the Business Restart Grant. 1 in 10 (11%) businesses received sector-specific grants from the SG.
- The Accommodation & Food Services sector had the highest proportion of firms receiving support from SG grants (78%), reflecting the targeting of much of the SG support schemes at those sectors most impacted.
- A higher proportion of SMEs (34%) received SG grant support than large businesses (10%), reflecting the targeting of SG grant support at smaller businesses.
- The BICS findings are reflected in the scheme management information which indicates that the CJRS had the greatest reach of all the schemes, with 906,400 jobs in Scotland furloughed under the scheme since its inception, accounting for more than a third of all employee jobs in Scotland.
- Of the SG schemes, the management information data shows, in line with the BICS findings, that the core grant schemes had the greatest reach, with 91,258 grants approved for the (now closed) Business Support Fund Grants, reflecting the relative scale of funding available under the scheme (£1 billion out of the £3.7 billion Scottish Government total). As at June 2021, 47,658 grants had been awarded through the Strategic Framework Business Fund totalling £344.8 million.

This section provides an overview of the uptake of the support schemes available to businesses in Scotland based on the latest available BICS<sup>10</sup> and scheme management information data. For the most part, the latest available BICS data relates to wave 31 (17<sup>th</sup> to 30<sup>th</sup> May 2021) however data from other waves is used where the relevant data is not available in wave 31<sup>11</sup>. Data from earlier waves is also referenced for comparison. The BICS data provides a high level overview of the proportion of businesses in Scotland applying for and receiving Scottish and UK Government support. The management information data provides a more granular scheme-by scheme picture and reflects the actual numbers of businesses that received support. Further detail on the management information data for each scheme is provided in [Annex 1](#).

### **Businesses applying for support<sup>12</sup>**

Data from BICS wave 16 (covering the period 19 October to 1 November 2020) shows that, of the three major forms of business support (Coronavirus Job Retention Scheme, Government-backed accredited loans or finance agreements, and business grants funded by the UK and devolved governments<sup>13</sup>), the highest proportion of businesses in Scotland (80%) applied for the CJRS (Chart 16).

A similar proportion of businesses in Scotland applied for other grant support (excluding the CJRS) funded by the UK and Scottish Governments (34%) as Government-backed loan support (35%). This is in contrast to wave 8 of the survey (29 June to 12 July 2020) where more businesses applied for grant support (38%) than loan support (26%). This perhaps indicates that there has been an increase in businesses willing to utilise external finance through the loan schemes as restrictions returned later in 2020. However, it should be noted that the data is cumulative and may have captured more businesses that received support in the first lockdown. 15% had not applied for any of the support schemes<sup>14</sup>.

Reflecting the targeting of much of the grant support schemes (at least, those funded by the Scottish Government) at sectors most impacted by COVID-19, the sectors with the highest proportion of businesses applying for grant support were Accommodation & Food Services (70%) and Arts, Entertainment & Recreation (48%). The Accommodation & Food Services sector also had the highest proportion of businesses applying for Government-backed loan support (62%), followed the Transport & Storage sector (49%). The Transport & Storage (95%) and Construction (90%) sectors, on the other hand, had the greatest share of businesses applying for CJRS.

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<sup>10</sup> Data is for businesses with 10+ employees with a presence in Scotland that had not permanently stopped trading at the time of the survey.

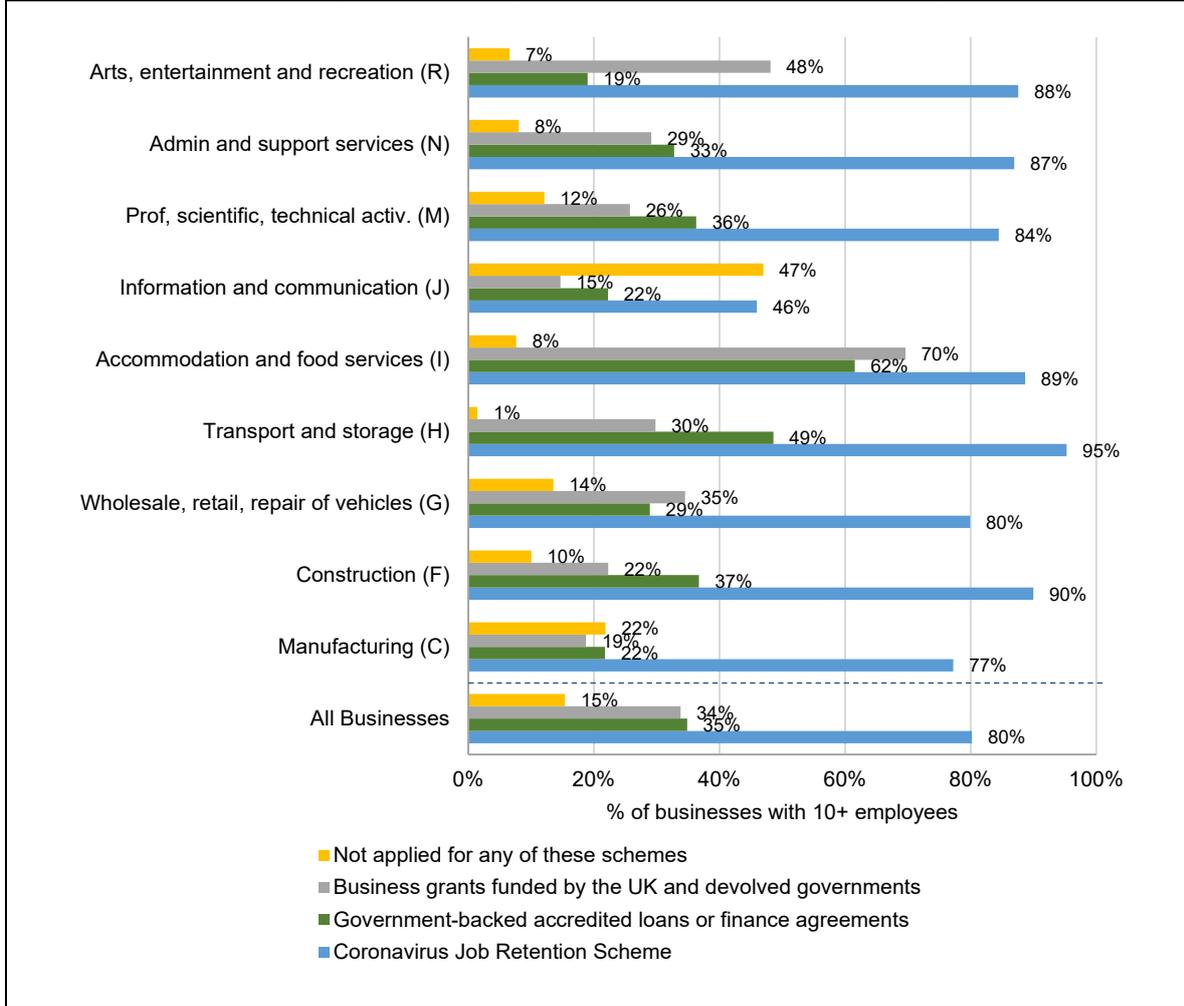
<sup>11</sup> Not all questions are covered in all BICS waves and the survey questionnaire has evolved over time.

<sup>12</sup> Data for 'schemes applied' is not available for Wave 31 of BICS. The latest available data for is from Wave 16.

<sup>13</sup> Businesses with a presence in Scotland may have applied to either or both grants supplied by the Scottish or UK Governments, if they also have a presence in England (only businesses with a presence in England can apply for UK Government grant support).

<sup>14</sup> Percentages do not sum to 100 as businesses could have applied for more than one scheme.

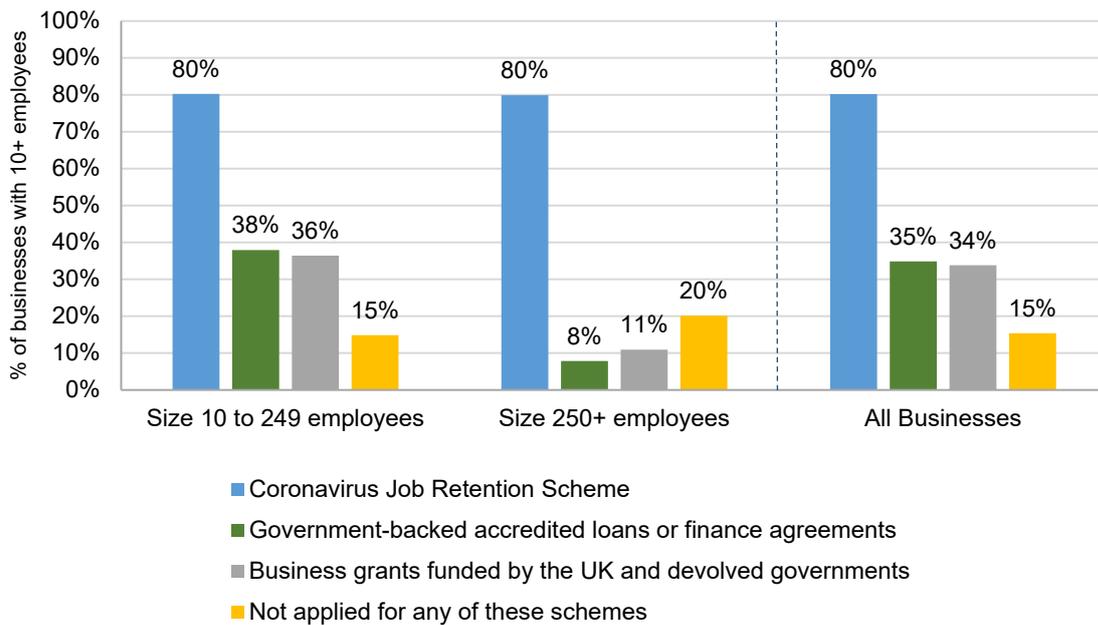
**Chart 16: Schemes applied for by businesses in Scotland, by sector**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 16  
 Notes: Data for Mining and Quarrying (B); Water Supply, Sewerage, Waste (E); Real Estate Activities (L); Education (P); Health & Social Work (Q) and Other Service Activities is not available.

The CJRS had the same proportion of small and medium-sized enterprises (SMEs) applying as large businesses (80%) (Chart 17). However, a higher proportion of SMEs (36%) applied for grant support than large businesses (11%), reflecting the targeting of grant support at smaller businesses. This was also the case for the government-backed loan schemes where 38% of SMEs applied compared to 8% of larger businesses. An increased proportion of small businesses had applied for loan schemes in BICS wave 16 (19 Oct to 1 Nov 2020) compared to wave 8 (29 June to 12 July 2020) where 27% had applied at the time. This perhaps indicates that more businesses were willing to take on debt to weather the impact of the pandemic as businesses reported to be hesitant in the initial evaluation report in summer 2020.

**Chart 17: Schemes applied for by businesses in Scotland, by size band**



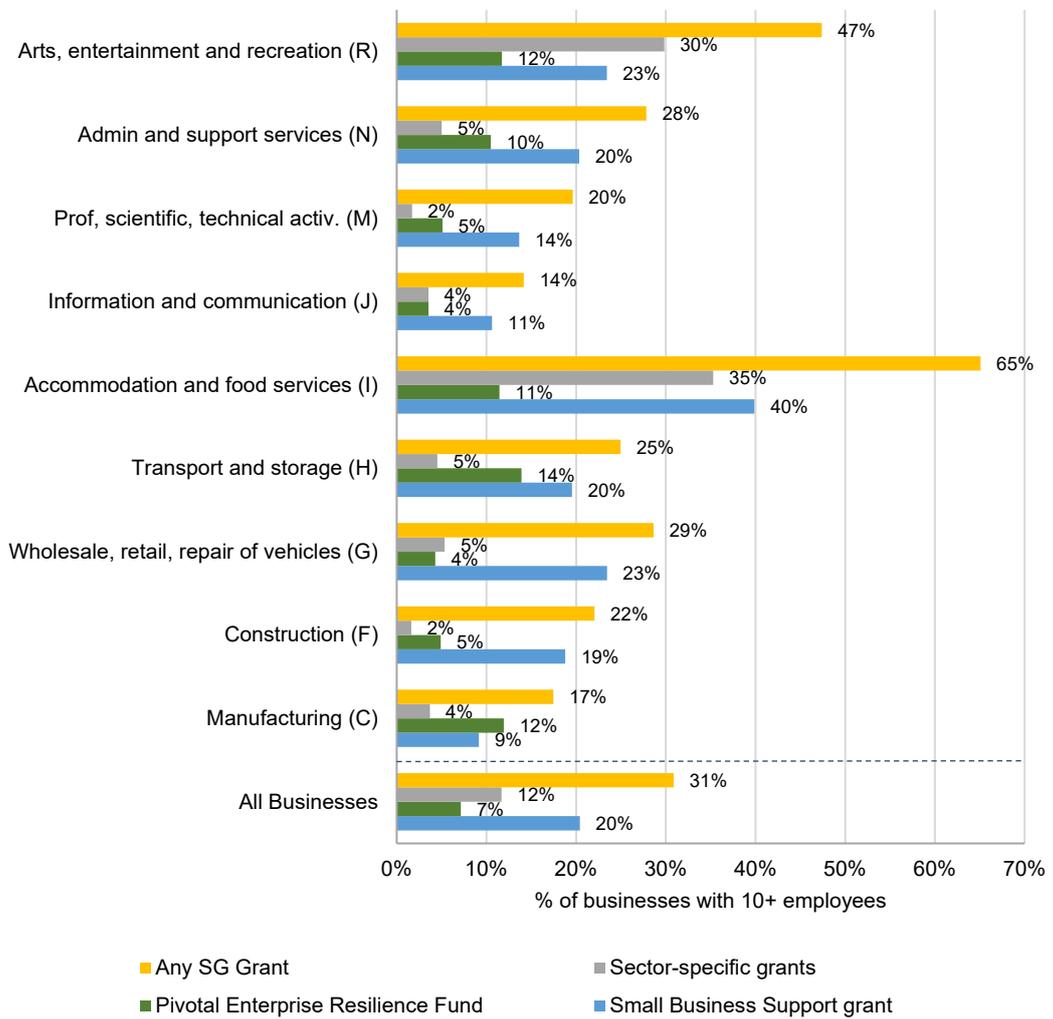
Source: ONS: Business Insights and Conditions Survey (BICS) Wave 16

Looking specifically at Scottish Government (SG) grants, data from BICS wave 16 shows that 31% of businesses in Scotland had applied for an SG grant over the period 19 October to 1 November 2020 (Chart 18). Of the three categories of grants asked in wave 16, the Business Support Fund Grants (which comprise the Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme) had the highest proportion of businesses in Scotland applying (20%). 7% applied for the Pivotal Enterprise Resilience Fund (PERF) delivered by Scottish Enterprise (SE). 12% applied for sector-specific grants compared to 8% in BICS wave 8.

By sector<sup>15</sup>, the Accommodation & Food Services sector (65%) had the highest proportion of businesses applying for SG grant support, followed by the Arts, Entertainment & Recreation (47%) and Wholesale, Retail, Repair of Vehicles (29%) sectors, again reflecting the targeting of much of the SG grant schemes at those sectors most impacted. The business viability analysis will show later these are among the sectors most impacted by the pandemic.

<sup>15</sup> Reliable data is not available for the 'Mining and Quarrying' and 'Other Service Activities' sectors.

**Chart 18: Scottish Government Grant Schemes applied for by Businesses in Scotland, by sector**

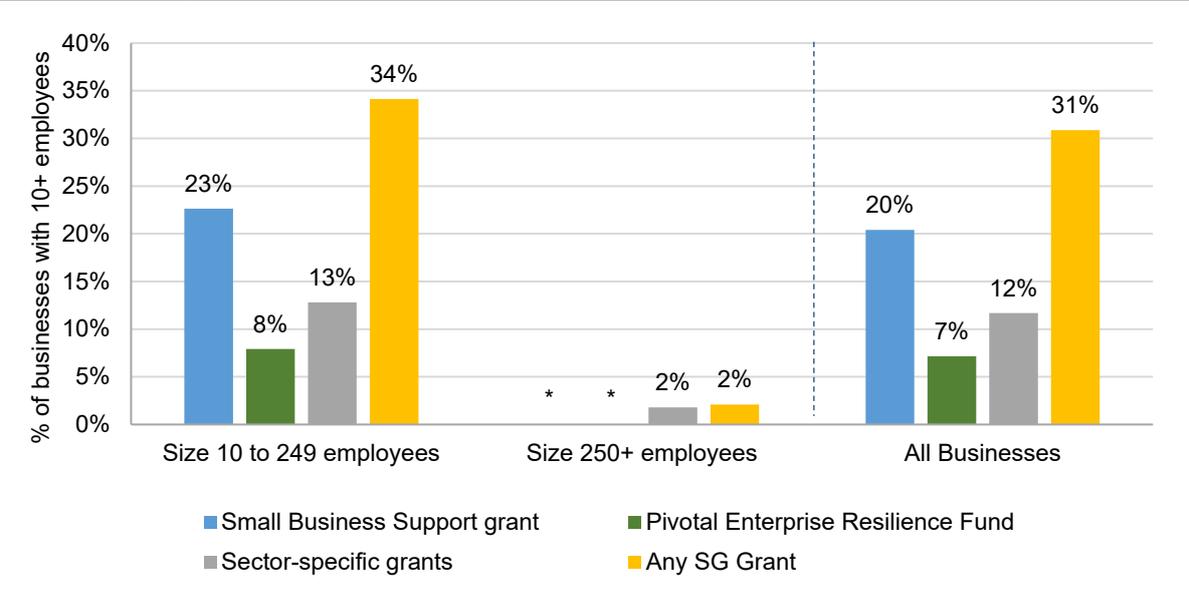


Source: ONS: Business Insights and Conditions Survey (BICS) Wave 16  
 Notes: Reliable data for Mining and Quarrying (B); Water Supply, Sewerage, Waste (E); Real Estate Activities (L); Education (P); Health & Social Work (Q) and Other Service Activities is not available.

By business sizeband, a higher proportion of SMEs (34%) applied for SG grant support than large businesses (2%), again reflecting the targeting of the SG grant support at smaller businesses (Chart 19), but also the dominance of SMEs in the Scottish business base. This was the case across the three categories of schemes<sup>16</sup>.

<sup>16</sup> BICS data for large businesses for the Pivotal Enterprise Resilience Fund is not available.

**Chart 19: Scottish Government Grant Schemes applied for by Businesses in Scotland, by business size band**

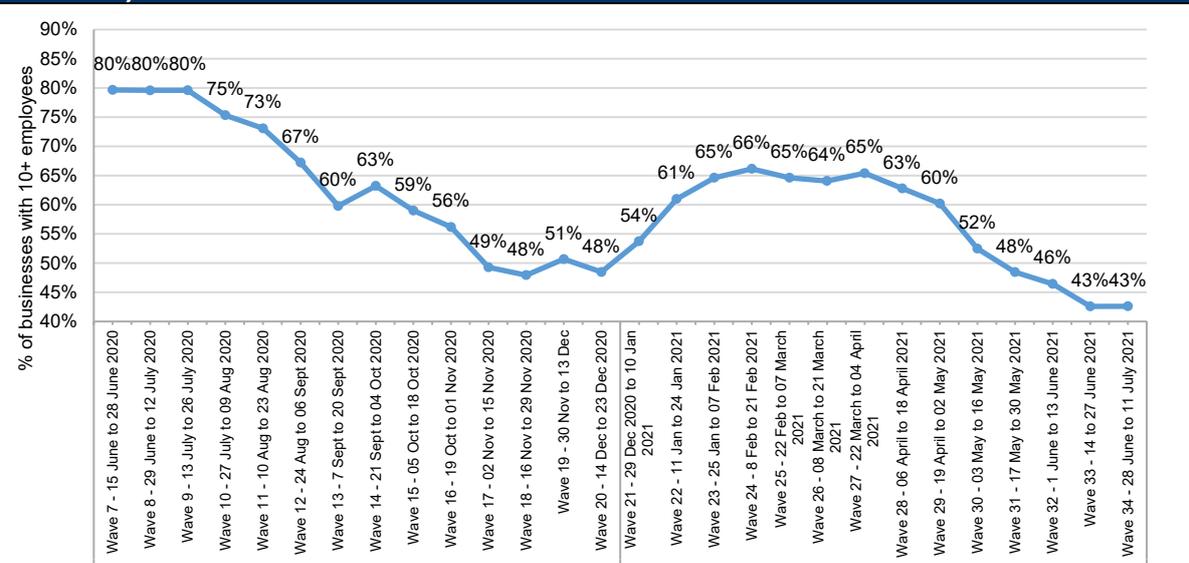


Source: ONS: Business Insights and Conditions Survey (BICS) Wave 16  
 Notes: Data for large businesses for the Small Business Support Grant and Pivotal Enterprise Resilience Fund is not available.

### Businesses receiving support

Data for the period to 28 June to 11 July 2021 (wave 34) shows that 32% of businesses in Scotland (that had not permanently stopped trading at the time of the survey) had received grant support funded by the SG (an increase from 29% in wave 16), 80% had received support from the CJRS at its peak and 34% had received support from Government-backed accredited loans or finance agreements (an increase from 21% in Wave 8 and 31% in wave 16).

**Chart 20: Share of businesses with staff on furlough leave over time (waves of BICS)**

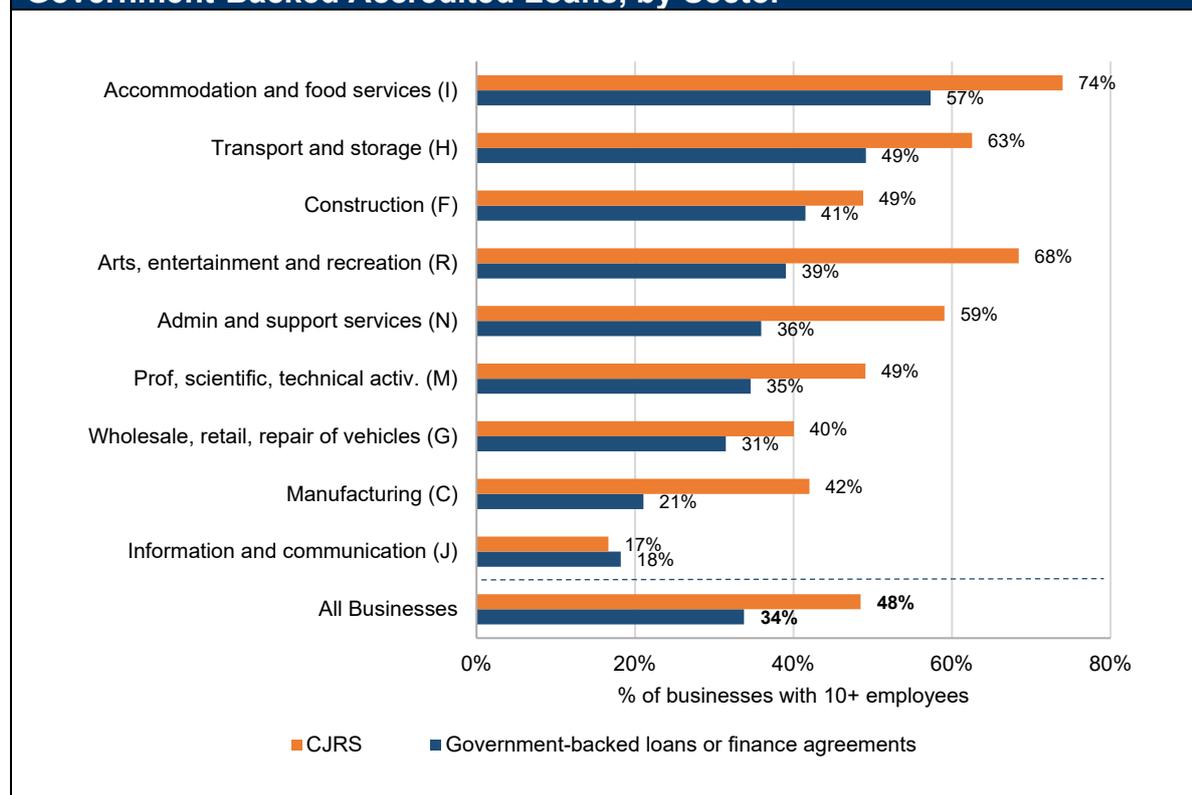


Source: ONS: Business Insights and Conditions Survey (BICS) Wave 34

Looking at the CJRS, the sectors with the highest proportion of businesses receiving support from the scheme were Arts, Entertainment & Recreation (62%), Accommodation & Food Services (61%), Admin & Support Services (60%), and Transport & Storage (59%). A slightly higher proportion of SMEs (43%) received support from the CJRS in Wave 34 than large businesses (39%), however it has been broadly similar across nearly all waves of BICS. The significant proportion of businesses still utilising CJRS (43%) highlights the reliance many businesses still have on the scheme despite the gradual opening of the economy in May 2021.

In terms of Government-backed loan support, the sectors with the highest proportion of businesses receiving loan support over the period 17 to 30 May 2021 (BICS wave 31) were Accommodation & Food Services (57%), Transport & Storage (49%), Construction (41%), Arts, Entertainment & Recreation (39%), Admin & Support Services (36%) and Professional, Scientific & Technical Activities (35%) (Chart 21). A higher proportion of SMEs (36%) received loan support than large businesses (10%). This may reflect the more favourable terms for the Coronavirus Business Bounce Back loans, which targeted SMEs.

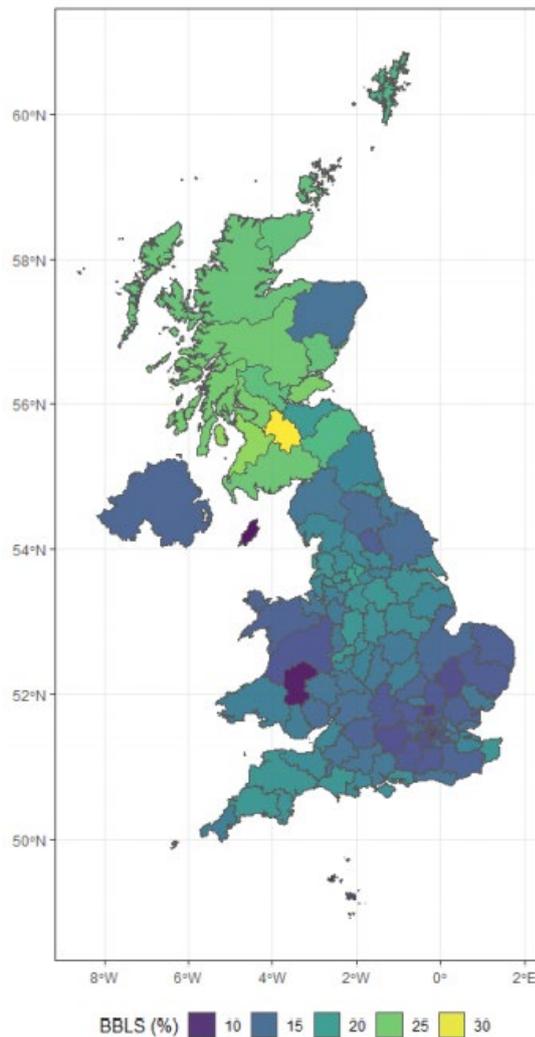
**Chart 21: Businesses in Scotland Receiving Support from CJRS and Government-Backed Accredited Loans, by Sector**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 31  
 Notes: Data for Mining & Quarrying (B), Water Supply & Sewerage & Waste (E), Real Estate Activities (L), Education (P), Health & Social Work (Q) and Other Service Activities (S) is not available.

Chart 22 shows that a greater share of businesses in Scotland received government-backed loan support from the UK Government through the bounce back loan scheme (BBLs) compared to the rest of the UK.

**Chart 22: Proportion of businesses that have taken out Bounce Back Loans by area in the UK**

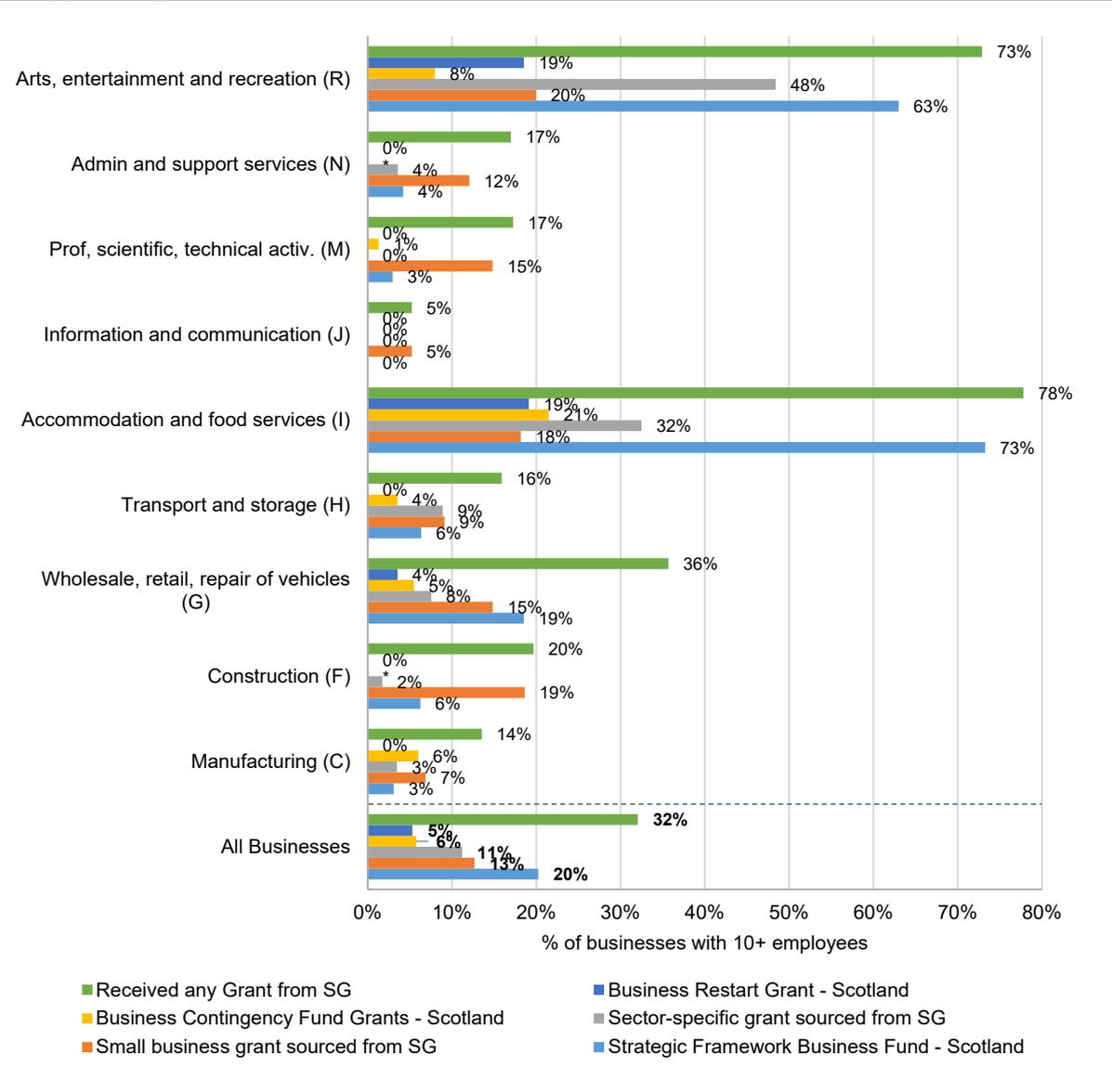


Source: [Bank of England](#)

Looking at SG grant support, the Strategic Framework Business Fund had the greatest reach with 20% of businesses in Scotland receiving support (Chart 23) over the period 17 to 30 May 2021. 13% of businesses in Scotland received Small Business grants, 6% received the Business Contingency Fund, and 5% from the Business Restart Grant. The Accommodation & Food Services sector saw the highest proportion of firms receiving SG grants (78%). This was followed by the Arts, Entertainment & Recreation (73%) and Wholesale, Retail & Repair of Vehicles (36%) sectors.

1 in 10 (11%) businesses received sector-specific grants from the Scottish Government. The Arts, Entertainment & recreation (48%) and Accommodation & Food Services (32%) sectors saw the highest proportion of firms receiving sector specific grants.

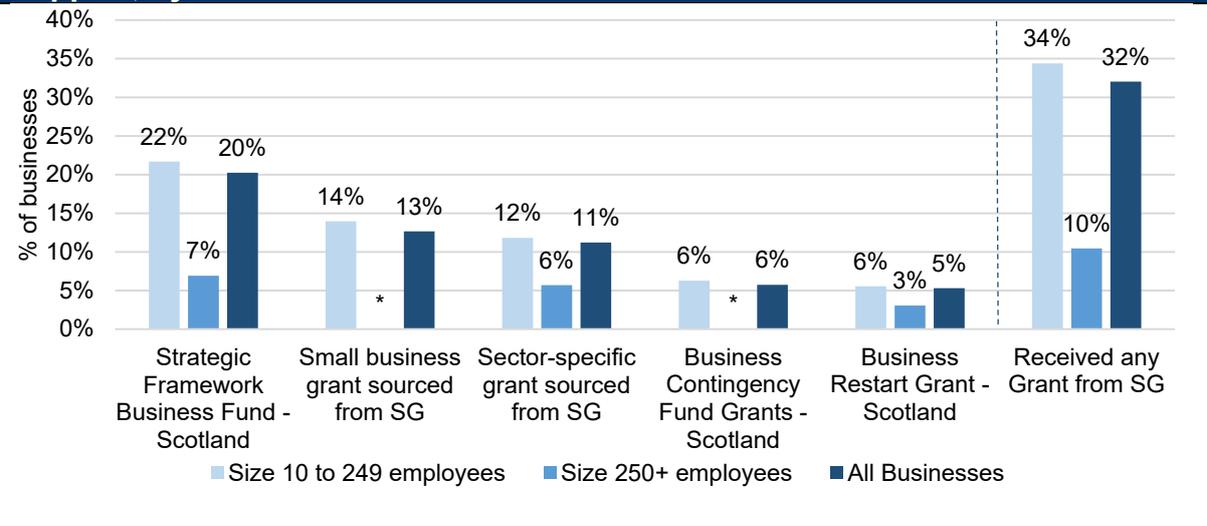
**Chart 23: Businesses in Scotland Receiving Scottish Government Grant Support, by Sector**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 31  
 Notes: Reliable data for Mining & Quarrying (B), Water Supply & Sewerage & Waste (E), Real Estate Activities (L), Education (P), Health & Social Work (Q) and Other Service Activities (S) is not available.

By business sizeband, as expected given the targeting of much of the SG grant support at smaller businesses, a higher proportion of SMEs (34%) received SG grant support than large businesses (10%) (Chart 24). More large businesses had received SG grant support compared to the last comparable wave of BICS (wave 16 – 19 Oct to 1 Nov 2020) where only 2% had received support.

**Chart 24: Businesses in Scotland Receiving Scottish Government Grant Support, by Business Size band**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 31  
 Notes: Data for large businesses for the Pivotal Enterprise Resilience Fund is not available

### Small Business Survey (SBS) 2020

According to the Small Business Survey results for the period September 2020 to April 2021, more than a third (36%) of SMEs with employees in Scotland had increased borrowing since the outbreak of COVID-19 to mitigate the impacts of the pandemic. This was in line with the UK as a whole. 27% reported using government or local authority grants or schemes directly related to COVID-19 at the time of the survey, which was broadly consistent across all the UK regions.

Table 3 below shows the share of SME employers in Scotland that applied to and then received funds from mentioned UKG COVID-19 support schemes. 67% of SME employers in this category had applied for the CJRS, the majority (91%) of which received funding. 15% had applied for the SEISS, but only 17% of those were successful. SME employers were asked roughly what proportion of their workforce was on furlough at its highest level. Half (51%) reported that all of their workforce were furloughed at one point in time.

Table 3: Applied to and received UK Government COVID-19 support		
	Share of businesses applied	Share of businesses applied that received funding
Coronavirus Job Retention Scheme (CJRS)	67%	91%
Self-employment Income Support Scheme (SEISS)	15%	17%
None of these	29%	2%

Base: All SME employers

38% of SME employers in Scotland used COVID-19 government-backed accredited loans or finance agreements such as CBILS and BBLS, broadly in line with the UK as a whole at 37%. Only 9% of Scottish SME employers used the business rates

holiday initiative compared to 17% across the UK. A quarter (26%) deferred VAT payments and 8% took advantage of HMRC's Time to Pay scheme, broadly in line with the UK. 42% of SME employers had used a COVID-19 business grant funded by government or local authorities, in line with the UK.

A quarter (25%) of SME employers with a separate business premise received COVID-19 Non-Domestic Rates Relief, in line with the UK as a whole. Of those that received relief, the majority (54%) did not know what share of relief they received. 23% received 91-100% rates relief while 14% received 0-10%.

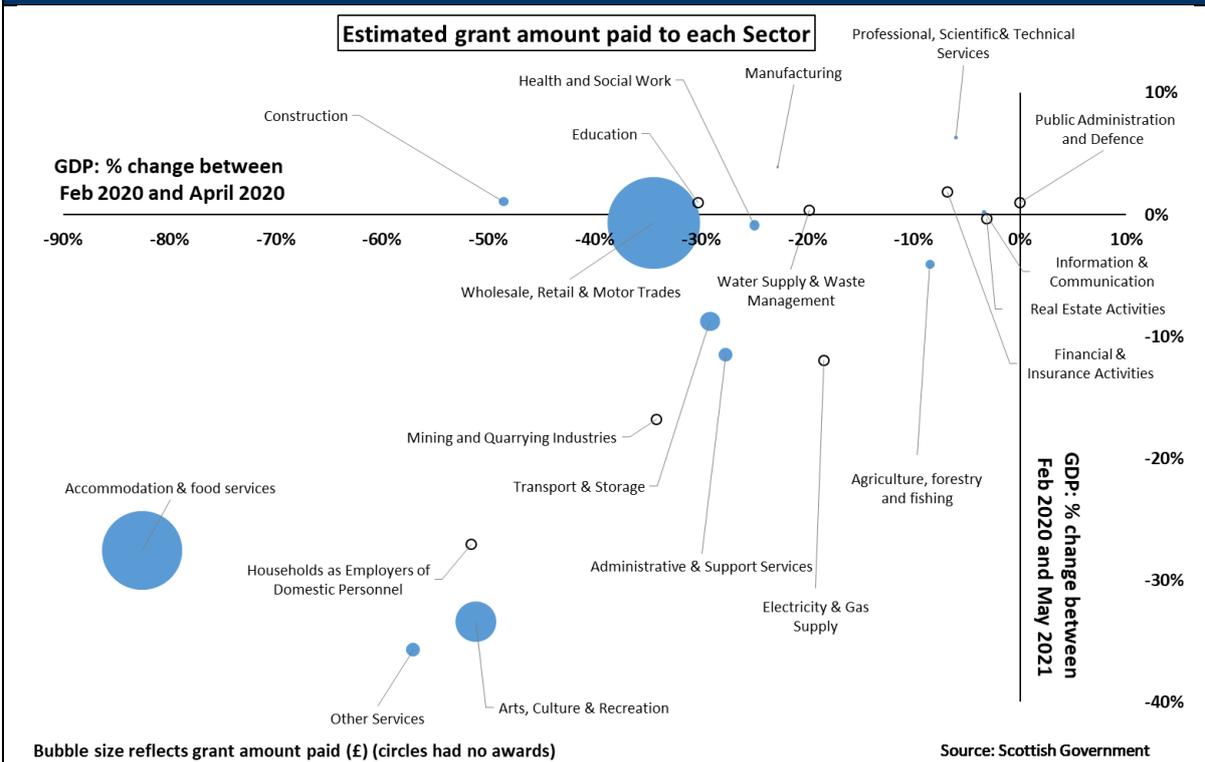
## **Management Information**

For most schemes, the management information data shows the value of the support provided in Scotland, and the number of applications and approvals. For some schemes, data on applications and approvals is also available by location, sector and equalities characteristics. Table 4 overleaf provides a high level summary of the key metrics for each scheme in scope of this evaluation, with further detail provided in the paragraphs that follow it. Full management information data for each scheme is provided in [Annex 1](#).

While it is not possible to make direct comparisons of relative support between schemes that targeted jobs directly (e.g. the CJRS) and those targeted at businesses (as is the case with most Scottish Government support), the management information indicates that the CJRS has had the greatest reach of all the schemes. The CJRS has supported 906,400 jobs in Scotland, accounting for more than a third of all employee jobs in Scotland. The SEISS also supported over half a million (553,000) self-employed individuals. Of the Scottish Government support schemes, the Business Support Fund Grants had the greatest reach, with 91,258 grants approved, reflecting the relative scale of funding available under the scheme (£1 billion out of the £3.7 billion Scottish Government total). These findings are consistent with the BICS results above.

Chart 25 shows the estimated amount of Scottish Government funding allocated to businesses in Scotland by sector alongside the impact on economic output in terms of GDP over the period of the pandemic in Scotland. Those sectors that received the greatest share of SG funding (Wholesale, Retail & Motor Trade, Accommodation & Food Services and Arts, Culture & Recreation) also experienced the greatest restrictions on trade and resulting decline in GDP in February to April 2020. Some sectors have recovered to pre-pandemic levels as at May 2021 in terms of GDP, such as Wholesale, Retail & Motor Trade, however the COVID-19 support was mostly aimed at the non-essential retail sub-sector.

**Chart 25: Estimated SG award amount paid and change in GDP by sector**



Source: Scottish Government  
 Notes: Schemes have been manually mapped to sectors deemed most appropriate – experimental.

**Table 4: Summary Scheme Management Information Data**

	Scheme	Number supported in Scotland	Amount spent in Scotland (£ million)
<b>UK Government</b>	Coronavirus Job Retention Scheme	906,400 jobs	-
	Self-employment Income Support Scheme	553,000 self-employed individuals	£1,500.0
	Bounce Back Loan Scheme	86,062 businesses	£2,496.4
	Coronavirus Business Interruption Loan Scheme	4,144 businesses	£982.5
	Coronavirus Large Business Interruption Loan Scheme	-	-
	Future Fund	22 businesses	£8.6
	COVID Corporate Financing Facility	2 businesses	£600
	Eat Out to Help Out	4,775 restaurants	£42.9
<b>Scottish Government</b>	Business Support Fund Grants (Small Business Grant Scheme and Retail, Hospitality and Leisure Business Grant Scheme)	91,258 awards	£1,019.5
	Non-Domestic Rates Relief (100% Retail, Hospitality and Leisure / Airport & 1.6% Universal)	250,940 properties	£965.0
	Strategic Framework Business Fund	47,658 awards	£344.8
	Strategic Framework Business Fund Transition Payment and Restart Grant	49,222 awards	£444.8
	Localised Restrictions Fund	9,038 awards	£9.3
	Local Authority Discretionary Fund	22,902 awards	£92.4
	Hospitality, Retail and Leisure Top Up funds	33,388 awards	£234.3
	Newly Self-Employed Hardship Fund Round 1	5,673 self-employed individuals	£11.3
	Newly Self-Employed Hardship Fund Round 2	8,669 self-employed individuals	£34.6
	Creative, Tourism and Hospitality Enterprises Hardship Fund	1,894 businesses	£23.6
	Pivotal Enterprise Resilience Fund	1,763 businesses	£121.8
	Island Equivalent Fund (inc. top-up)	2,265 awards	£11.7
	Mobile and Home Based Close Contact Services Fund	8,945 awards	£35.8
	Support for Small Accommodation Providers Paying Council Tax Fund	1,481 awards	£8.8
	Taxi and Private Hire Driver Support Fund	21,838 awards	£32.8
	Museums and Galleries Scotland Funds	351 awards	£8.7
	Scottish Wedding Industry Fund	2,808 awards	£25.8
	Events Industry Support Fund	505 awards	£5.0
Events Industry Support Fund 2	409 awards	£7.4	

Visitor Attractions Support Fund	340 awards	£9.7
Scotland Coach Operators COVID-19 Business Support and Continuity Fund	117 awards	£8.4
Business contingency Fund Plus Grants	345 awards	£5.4
Culture Collective Fund	26 awards	£5.9
Hardship Fund Creative Freelancers	4,639 freelance/self-employed individuals	£16.8
Cultural Organisations and Venues Recovery Fund	233 awards	£13.2
Tour Operators Fund	189 awards	14.2
Pivotal Event Businesses Fund	103 awards	£11.1
Scottish Wholesale Food and Drink Resilience Fund	41 awards	£5.5
Scottish Government Performing Arts Venues Relief Fund	79 awards	£12.2
Seafood Resilience Fund	132 awards	£5.8
Sea Fisheries Intervention Fund	836 fishing vessels	£8.4
Scottish Seafood Business Resilience Fund	132 businesses	£5.8
Coronavirus Liquidity Support for SME Housebuilders	38 businesses	£18.0
Creative Scotland and Screen Scotland Bridging Bursary Funds	2,293 freelance/self-employed individuals	£4.3

Notes:

Data on number of businesses supported and amount spent by schemes cannot be aggregated as data relate to different time periods for each scheme and businesses may be in receipt of support from more than once scheme.

Data is not finalised for some schemes.

Data for the Business Support Fund Grants on the number of grants awarded does not equate to the number of businesses supported as businesses with multiple eligible properties could apply for multiple grants.

“-“ data for Scotland not available. Data for the UK as a whole provided in Annex 1.

## **UK Government Schemes**

**Coronavirus Job Retention Scheme (CJRS)**<sup>17</sup>: £65.9 billion spent across the UK as a whole (data for Scotland not available). 906,400 cumulative jobs furloughed in Scotland since its inception<sup>18</sup>. The take-up rate as at 31<sup>st</sup> May 2021 (furloughed staff as a proportion of eligible employments) in Scotland was 7%, broadly in line with the other UK nations. 48% furloughed employments in Scotland were fully furloughed with the remaining 52% on flexible furlough. By local authority, Highland (9%) had the highest take-up rate and Shetland Islands had the lowest (5%). Looking at the urban/rural split, 29% of employees furloughed in Scotland were in local authorities (LAs) classed as rural and 71% were in LAs classed as urban, broadly in line with the proportion of Scottish employment in each area. The take-up rate was 7% in rural

<sup>17</sup> All data as at 31 May 2021 except from spend and cumulative total (14 June 2021).

<sup>18</sup> Data as at 14 June 2021.

LAs and 8% in urban. By sector, in Scotland, the highest take-up rate was in Accommodation & Food Services (32%) followed by Arts, Entertainment & Recreation (27%), and Other Services (19%). By gender, the take-up rate was slightly higher for men (8%) than women (7%) in Scotland, broadly in line with the UK. Data on take-up by business size band and age is currently only available at the UK level. By business size band, across the UK a whole, 39% of jobs furloughed were in micro firms, 25% in small, 13% in medium and 23% in large firms. The take-up rate was higher for the younger age groups of under 18 (13%) and 18-24 year olds (10%) compared to the UK average (8%).

**Self-employment Income Support Scheme (SEISS)<sup>19</sup>:** £1.5 billion spent in Scotland across four rounds. 553,000 self-employed individuals in Scotland made a claim. Scotland accounted for 6% of UK claims reflecting the fact that there are relatively fewer self-employed people, and hence eligible claimants, in Scotland. The following statistics relate to claims to the fourth SEISS grant. In Scotland, 120,000 out of an eligible 207,000 self-employed individuals made a claim in the fourth round of SEISS, representing a 58% take-up rate, in line with the UK as a whole. The total value of claims was £337 million with the average claim value being £2,800 (the same as the UK). By local authority, the highest take-up rate was in West Dunbartonshire (68%) and the lowest in Orkney Islands (35%). By urban rural classification, the take-up rate in LAs classed as rural (51%) was slightly lower than that in LAs classed as urban (62%). By sector, the highest take-up rate was highest in Other Service Activities (includes hairdressing and beauty) (76%) and Transport & Storage (75%) and the lowest was in Agriculture, Forestry & Fishing (25%). Construction received the greatest proportion of the total value of claims in Scotland (32%). By gender, a slightly lower proportion of eligible females claimed (56%) compared to males (59%). The average claim for females was also lower at £2,300 compared to £3,100 for males.

**Loan Schemes<sup>20</sup>:** Take-up (number of loans approved) and value (value of loans approved) data for Scotland is available for the Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLs). However, only data at the UK level is available for the Coronavirus Large Business Interruption Loan Scheme (CLBILS).

- **Bounce Back Loan Scheme (BBLs):** 86,062 loans worth over £2.5 billion have been offered to businesses in Scotland under BBLs. Loans offered to businesses in Scotland accounted for 6% of the total value awarded to the UK as a whole, in line with Scotland's share of the UK business population (6%).
- **Coronavirus Business Interruption Loan Scheme (CBILS):** 4,144 loans worth over £982.5 million have been offered to businesses in Scotland under CBILS. Loans offered to businesses in Scotland accounted for 6% of the total value awarded to the UK as a whole, in line with Scotland's share of the UK business population (6%).
- **Coronavirus Large Business Interruption Loan Scheme<sup>21</sup> (CLBILS):** £5.56 billion spent across the UK as a whole. 753 businesses approved out of 1,152 applications, a 65% success rate.

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<sup>19</sup> Data as at 6 June 2021.

<sup>20</sup> Data as at 10 January 2021.

<sup>21</sup> Data for CLBILS as at 31 May 2021.

**Future Fund**<sup>22</sup>: £8.6 million spent in Scotland with 22 businesses supported. Scotland accounted for just 0.7% of the UK total by value while London and the South East together accounted for 72%, broadly in-line with the wider market trends for the distribution of equity investment across the UK. The average loan amount was significantly lower in Scotland (£0.39 million) than in the UK as a whole (£0.97 million). Scotland reported the lowest average loan amount and share of total value of loans approved out of all the UK regions. Data on application success rate and breakdowns by gender and ethnicity of management teams is only available at the UK level. 77% of the total value of loans approved in the UK as a whole went to companies with mixed gender management teams. Only 1% of funding went to all female management team businesses. 56% went to businesses with mixed ethnicity management teams, 38% went to all White management team businesses and 5% went to sole ethnic minority management team businesses.

**COVID Corporate Financing Facility (CCFF)**<sup>23</sup>: OCEA have matched the names of the businesses supported under the scheme as at 30<sup>th</sup> June 2021 to the FAME database. Two of the 21 businesses supported are registered in Scotland, both of which are in the transportation and storage sector. The value of commercial paper held by the CCFF for these two businesses was £600m. The majority (71%) of business supported by the scheme were registered in England. It is important to note that while a business may not be registered in Scotland, it may operate in Scotland, which is the case for a number of businesses supported under the scheme. The number of businesses supported in Scotland may therefore be higher in reality than the data based on headquarters location suggests.

**Eat Out to Help Out**<sup>24</sup>: £42.9 million spent (discount claimed through scheme) in Scotland with 4,775 restaurants with 25 or less outlets supported. Scotland accounted for 8% of total UK claims and 7% total amount of discount claimed. The average amount claimed per outlet in Scotland was £9,000, slightly lower than the UK average of £10,198. By local authority, Edinburgh had the greatest share of restaurants making claims under the scheme in Scotland for which data were available (15%). However, Glasgow had the largest share of meals claimed for (17%) and share of discount claimed (18%) for the scheme in Scotland. In terms of numbers of meals claimed for, Glasgow ranked 7<sup>th</sup> of 379 UK local authorities, while Edinburgh ranked 11<sup>th</sup>.

## **Scottish Government Schemes**

**Business Support Fund Grants (Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme)**<sup>25</sup>: £1,019.5 million paid out. 91,258 grants awarded out of 106,662 applications, a provisional award rate (grants awarded as a percentage of total applications) of 86%<sup>26</sup>. By value, 77% of grants

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<sup>22</sup> Data as at 21 March 2021.

<sup>23</sup> Data as at 30 June 2021.

<sup>24</sup> Final data. Claims received by 30<sup>th</sup> September 2020.

<sup>25</sup> Comprises Small Business Grant and Retail, Hospitality and Leisure Grant. Final data. The number of grants awarded does not equate to the number of businesses supported as businesses with multiple eligible properties could apply for multiple grants.

<sup>26</sup> It should be noted that the award rate may be skewed by a number of factors including: instances where an ineligible applicant has applied and was rejected; where a fraudulent application was detected; and where multiple duplicate applications had been submitted.

was distributed via the Small Business Grant, 22% via the Retail, Hospitality and Leisure Grant and 1% via grants to businesses who do not pay non-domestic rates directly but lease shared commercial space. By local authority, Fife (94%), East Lothian (91%) and East Dunbartonshire (90%) had the highest provisional award rates while Perth and Kinross (75%) had the lowest. In terms of the geographical spread of the value of funds received from the grants as a whole, Glasgow received the highest proportion (12%). By urban/rural split, non-domestic rates payers in LAs classed as urban received 61% of the total value of grants while those in LAs classed as rural received 39%. The provisional award rate was broadly similar in LAs classed as urban (84%) and those classed as rural (85%).

**Non-Domestic Rates Relief (100% Retail, Hospitality and Leisure / Airport & 1.6% Universal)<sup>27</sup>:** An estimated £965 million of NDR income was forgone in 2020-21 through both non-domestic rates relief measures (100% RHLA relief and 1.6% universal relief awarded to all properties). 28,400 properties have been supported through the RHL relief while all 250,940 received the 1.6% universal relief. NDR reliefs are administered by local authorities, meaning that the Scottish Government does not have data on applications. In 2020-21 both reliefs were automatically awarded, removing the need for applications to be made at all. By property class, it is estimated that the majority of rates relief went to shops (£618.6 million) while £122.7m went to hotels, £55m to leisure properties, and £51.4m to public houses and restaurants<sup>28</sup>.

By local authority, the proportion of properties on the Valuation Roll receiving RHLA relief ranged between 4% in the Shetland Islands and Na h-Eileanan Siar, to 19% in City of Edinburgh. By value, City of Edinburgh (20%) also saw the greatest share of value followed by Glasgow City (16%).

**Strategic Framework Business Fund (SFBF)<sup>29</sup>:** £344,783,237 has been paid out to 47,658 premises under the SFBF business restrictions and closure grants (2 November 2020 to 22 March 2021, at scheme close). £419.57 million was allocated to the scheme, therefore 82% of the budget has been spent to date. The provisional application success rate is 69%. 92% (£318.78 million) of funds were paid out under the Temporary Closure Fund with the remaining 8% (£26.00 million) paid out under the Business Restrictions Fund. By local authority, application success rate was highest in Aberdeenshire and Highland (both 91%) and lowest in Midlothian, Glasgow City and East Ayrshire (all 55%). By size (in terms of rateable value), 89% of SFBF funds were paid to businesses with rateable value less than £51,000, the remaining 11% being paid to larger businesses.

**Strategic Framework Business Fund Transition Payment and Restart Grant:** £431.98 million in Restart grants and transitional payments. In addition to this, small accommodation providers that pay council tax received £12.84 million in Restart grants and transitional payments. Together this totals £444,820,593. Of those premises estimated to be eligible, 98% were paid. The non-essential retail sector was paid a total of £155,259,143 (21,535 premises) and the Hospitality and Leisure sectors were paid a total of £280,717,450 (26,259 premises). Small accommodations paying council tax were paid a total of £12,844,000 (1,428 premises). By local

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<sup>27</sup> Data as at 25<sup>th</sup> June 2021.

<sup>28</sup> Data as at 1<sup>st</sup> July 2020.

<sup>29</sup> Data as at 25<sup>th</sup> June 2021.

authority, Highland received the greatest share of both the transitional payment (11%) and Restart grant (12%), followed by Glasgow City and City of Edinburgh. Shetland Islands received the lowest share for both funds.

**Localised Restrictions Fund:** £6,603,200 has been paid out to businesses in the 14 local authorities that remained in Protection level 2 from 5 June 2021. An additional £388,600 has been paid to Moray and £2,308,275 to Glasgow City that remained in Protection level 3 (as at 25 June 2021). In total, this scheme has paid £9.3 million to 9,038 businesses.

- Under the Level 3 restrictions, 2,019 premises in Glasgow City received 86% (£2.3 million) of amount spent and 652 premises in Moray received 14% (£0.4 million). Nearly three quarters (73%) went to businesses with a rateable value (RV) less than £51,000.
- Under the Level 2 restrictions, nearly all (99%, £6.5 million) of the funding was distributed through the Restrictions Fund. The remaining funding (£73,250) was through the Closures Fund. By local authority, Glasgow and Edinburgh received the greatest share of the Restrictions Fund (both 27%). Glasgow (20%) also received the greatest share of funding through the Closures Fund followed by North Lanarkshire (18%).

**Local Authority Discretionary Fund<sup>30</sup>:** £92,394,065 has been awarded to 22,902 premises through the Local Authority Discretionary Fund. 29,696 eligible applications have been received of which 22,913 were successful. The application success rate is 77% with an average (mean) amount awarded of £4,032. The rejection rate is 22% and 1% of applications were still being processed. The main reasons reported for rejected applications were that applicants were unable to fully evidence criteria for fund, or that they were eligible for a different fund instead. By local authority, the application success rate was highest in Scottish Borders and Perth and Kinross (both 87%) and lowest in East Renfrewshire (50%). Glasgow and Edinburgh received the greatest share of funding.

**Hospitality, Retail and Leisure Top Up Payments<sup>31</sup>:** £234,301,500 has been awarded to 33,388 hospitality, retail and leisure businesses through the HRL Top-up Funds. 96% of eligible premises in Scotland had been paid through the scheme. By local authority, Glasgow City and City of Edinburgh received the greatest share of both total premises paid and value paid. £35.8 million was awarded to 4,832 premises in Glasgow City and £30.42 million to 3,836 premises in City of Edinburgh. Clackmannanshire, East Renfrewshire, Midlothian and Inverclyde received the lowest share of total premises and value paid.

**Island Equivalent Fund<sup>32</sup>:** £7,653,700 was paid to 1,660 premises in the main round of the Island Equivalent Payment Scheme. A further 605 premises were paid in the top-up worth £4,068,000. This takes the total to £11,721,700 paid to 2,265 island businesses. The application success rate for the main round of the scheme was 92% and the rejection rate was 8%. The success rate was lower than average in

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<sup>30</sup> Data as at 25 June 2021.

<sup>31</sup> Data as at 25 June 2021.

<sup>32</sup> As above.

Shetland (81%) and Orkney (85%). The greatest share of funding in the main round went to Argyll & Bute (41%) followed by Orkney (29%).

**Newly Self-Employed Hardship Fund**<sup>33</sup>: £45.9 million paid out under two rounds. For the first round 5,673 grants awarded out of 8,006 applications, an award rate of 71%. The total value awarded for the first round stood at £11.3 million. For the second round, 8,669 grants were awarded out of 9,668 applications, an award rate of 90%. The total value awarded for the second round stood at £34.6 million.

The following statistics relate to the first round of the scheme: By local authority, Glasgow and Edinburgh received the highest proportion of grants by both number and value awarded. Fife (86%), West Dunbartonshire (86%) and Shetland Islands (85%) had the highest award rates while Orkney Islands (50%) and Glasgow City (56%) had the lowest. By urban/rural split, businesses in LAs classed as urban received around two thirds (64%) of the grants awarded. The award rate was slightly higher in LAs classed as rural (72%) than in LAs classed as urban (70%).

**Creative, Tourism and Hospitality Enterprises Hardship Fund**<sup>34</sup>: £23.6 million offered to businesses. 1,894 grants approved out of 3,413 valid applications<sup>35</sup>, a 55% award rate. By sector, three quarters (76%) of the value of grants offered were to businesses in the tourism and hospitality sector while around a quarter (24%) went to the creative sector. In terms of value of grants offered by local authority, Edinburgh (15%), Glasgow (14%) and Highland (12%) had the highest proportion of grants offered, together accounting for 41% of the total value of grants offered.

**Pivotal Enterprise Resilience Fund (PERF)**<sup>36</sup>: £121.8 million offered to businesses. 1,763 grants offered out of 5,069 valid applications, a 35% award rate. Five sectors (Tourism & Hospitality, Other Manufacturing, Construction, Wholesale & Retail and Creative Industries, together accounted for almost two thirds (61%) of grants offered by value and number of businesses. In terms of value of grants offered by local authority, Glasgow (12%), Edinburgh (11%) and Highland (9%) again had the highest proportion of grants offered, together accounting for around a third of the total value of grants offered, broadly reflecting the proportion of registered businesses those areas account for<sup>37</sup>.

**Business contingency Fund Plus Grants (Travel Agents, Brewers and Indoor Football Centres)**<sup>38</sup>: A total of 345 awards have been paid through the scheme worth £5.4 million.

- **Travel agents** - £3,670,000 has been paid to 233 premises defined as travel agents. Travel agents received the greatest share of funding (68% of total value and premises).
- **Breweries** - £1,516,250 has been paid to 102 premises defined as breweries. Breweries received 30% of total value and made up 28% of total premises.

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<sup>33</sup> Final data. Scheme now closed.

<sup>34</sup> Final data as at 4 August 2020. Scheme now closed.

<sup>35</sup> 'Valid applications' excludes duplicates, entries created but never submitted and withdrawn applications.

<sup>36</sup> Final data as at 4 August 2020. Scheme now closed.

<sup>37</sup> As a proportion of total registered enterprises in Scotland in 2019, Glasgow accounted for 11%, Edinburgh for 11% and Highland for 6%. Source: Scottish Government, Businesses in Scotland 2019

<sup>38</sup> Data as at 25 June 2021.

- **Indoor football centres** - £205,000 has been paid to 10 premises defined as indoor football centres. Indoor football centres received the lowest share of funding (4% of total value and made up 3% of total premises).

### **Support for Small Accommodation Providers Paying Council Tax Fund<sup>39</sup>:**

Across the three waves of the funds, 1,481 applications had been awarded with a total value of £8,830,000 million. 348 premises were paid under the first wave with a value of £2,076,000. 133 premises were paid under the second wave with a value of £786,000. 1,000 premises were paid under the third wave with a value of £5,968,000. By local authority, Highland received the greatest share of support for both number of premises and value across the three waves of the support.

**Taxi and Private Hire Driver Support Fund (March 2021)<sup>40</sup>:** 21,838 drivers have been paid through the scheme out of 33,767 eligible drivers, a success rate of 65%. Total spend under the scheme stood at £32,757,500 as at 25 June 2021. 2,039 applications were rejected (6% of eligible drivers and 9% of applications received). The main reasons for rejection were failure to supply supporting evidence (42%) and duplicate application (38%). By local authority, Glasgow (21%) and Edinburgh (20%) received the greatest share of total value paid through the scheme. Orkney, Aberdeenshire and Shetland received the least in terms of value (all 0%). Looking at the percentage of eligible drivers paid in each local authority, Dundee paid the greatest share (90%).

**Coronavirus Liquidity Support for SME Housebuilders<sup>41</sup>:** 38 applications had been approved out of 52 submitted, an award rate of 73%. Loans approved to date are worth £18,020,417. 14 applications were rejected, a rate of 27%. The average (mean) loan amount requested was £485,808 and the average loan amount approved was £474,221 (98% of value requested). Glasgow and Edinburgh & Lothians received the greatest number of applications with 12 each.

**Mobile and Home Based Close Contact Services Fund<sup>42</sup>:** 8,945 businesses have been paid through the scheme worth a total value of £35.8 million. The award success rate for the scheme is 89%.

**Museums and Galleries Scotland Funds<sup>43</sup>:** A total of £8,693,756 million was paid out through 351 awards under the following five Museums and Galleries Scotland funds:

- **COVID-19 Museum Development Fund** - A total value of £805,584 was paid to 22 organisations in Scotland. The average amount paid out through the scheme was £36,617.
- **Recovery and Resilience Fund** - 90 awards paid through this scheme out of 116 applications, an award rate of 78%. A total of £4.6 million was paid out through this scheme. An additional 59 awards were paid through the top-up of the Recovery and Resilience fund worth £2.3 million. 60 applications were filed

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<sup>39</sup> As above.

<sup>40</sup> Data as at 25 June 2021.

<sup>41</sup> Final data.

<sup>42</sup> Data as at 25 June 2021.

<sup>43</sup> As above.

for the scheme with an award rate of 98%. A total of 149 awards were paid through the scheme worth £6,877,366.

- **COVID-19 Adaptation Fund** - 92 awards paid through this scheme out of 97 applications, an award rate of 95%. A total of £300,000 was paid out through this scheme. The average (mean) amount was £3,260.
- **Urgent Response COVID-19 Fund** - 20 awards paid through this scheme out of 29 applications, an award rate of 69%. A total of £600,000 was paid out through this scheme. The average (mean) amount was £30,000.
- **Digital Resilience COVID-19** - 68 awards paid out of 77 applications, an award rate of 88%. A total of £110,806 was paid out through this scheme. The average (mean) amount was £1,629.

**Scottish Wedding Industry Fund**<sup>44</sup>: 2,817 awards have been successful out of 3,478 applications, an award rate of 81%. A total of £25,800,000 has been paid out through the scheme to date to 2,808 awards.

**Events Industry Support Fund**<sup>45</sup>: 505 awards have been paid out of 833 applications, an award rate of 61%. A total of £5,000,000 has been paid out through the scheme to date.

**Visitor Attractions Support Fund**<sup>46</sup>: 340 awards have been paid out of 407 applications, an award rate of 84%. A total of £9,700,000 has been paid out through the scheme to date.

**Scotland Coach Operators COVID-19 Business Support and Continuity Fund**<sup>47</sup>: 117 awards have been paid out of 147 applications, an award rate of 80%. A total of £8,400,000 has been paid out through the scheme to date.

**Hardship Fund Creative Freelancers**<sup>48</sup>: 4,639 awards have been paid out of 4,816 applications, an award rate of 96%. A total of £16,800,000 has been paid out through the scheme to date. By region, the greatest share of funding went to Glasgow (39% by number of awards and 38% by value). North East Scotland received the smallest share of funding through the scheme (both 5%).

**Culture Collective Fund**<sup>49</sup>: 26 awards have been paid out of 64 applications, an award rate of 41%. A total of £5,900,000 has been paid out through the scheme to date. By region, the greatest share of funding went to Lothians (31% by number of awards and 28% by value), followed by Highlands and Islands (19% by number of awards and 24% by value).

**Cultural Organisations and Venues Recovery Fund**<sup>50</sup>: 233 awards have been paid out of 348 applications, an award rate of 67%. A total of £13,200,000 has been paid out through the scheme to date. The following data is for round 1 of the scheme

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<sup>44</sup> As above.

<sup>45</sup> As above.

<sup>46</sup> As above.

<sup>47</sup> Data as at 25 June 2021.

<sup>48</sup> As above.

<sup>49</sup> As above.

<sup>50</sup> As above.

as at 5th November 2020: by creative sector, the greatest share of value of funding went to the Nightclub sector (27%), which received 33 awards worth £3,151,288. By local authority, Glasgow City (38%) and City of Edinburgh (26%) received the greatest share of value of funding. 71 awards were successful in Glasgow City worth £4,512,618 and 46 were awarded in City of Edinburgh worth £3,104,740. Orkney Islands received the smallest share of funding (0.1%) worth £10,000 to one award.

**Pivotal Event Businesses Fund**<sup>51</sup>: 103 awards have been paid out of 129 applications, an award rate of 80%. A total of £11,100,000 has been paid out through the scheme to date.

**Scottish Wholesale Food and Drink Resilience Fund**<sup>52</sup>: 41 awards have been paid out of 113 applications, an award rate of 36%. A total of £5,500,000 has been paid out through the scheme to date. By local authority, the greatest share of awards and funding went to Glasgow (22% of total awards and 21% of value).

**Scottish Government Performing Arts Venues Relief Fund**<sup>53</sup>: 79 awards have been paid has been paid out through the scheme to date, a total value of £12,200,000. By local authority, City of Edinburgh (16% of total awards and 22% of value) and Glasgow City (both 15%) received the greatest share of awards and value awarded.

**Tour Operators Fund (inc. international inbound and larger domestic operators)**<sup>54</sup>: 189 awards have been paid out of 278 applications, an award rate of 68%. A total of £14,200,000 has been paid out through the scheme to date.

**Creative Scotland and Screen Scotland Bridging Bursary Funds**<sup>55</sup>: £4.3 million paid out across the two funds. 2,293 grants awarded out of 2,831 applications, an 81% award rate. By LA, Glasgow (41%) and Edinburgh (22%) accounted for almost two thirds of the total value awarded by the Creative Scotland bursary. Glasgow City (49%) accounted for almost half of value awarded by the Screen Scotland bursary.

**Fisheries and Seafood Support Funds**<sup>56</sup>: 968 applications awarded and £14.2 million paid out across the two funds. **(a) Sea Fisheries Intervention Fund**: £8.4 million paid out. 836 grants approved out of a total of 867 applications, a 96% award rate. **(b) Scottish Seafood Business Resilience Fund**: £5.8 million paid out to 132 businesses.

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<sup>51</sup> As above.

<sup>52</sup> As above.

<sup>53</sup> As above.

<sup>54</sup> As above.

<sup>55</sup> Final data.

<sup>56</sup> Data represent final figures. Schemes now closed.

## 4.2 Impact of Support on Businesses

### Summary

- Feedback from the business representative organisations suggests Government support has provided lifeline support for businesses during lockdown, helping most business survive up to this point.
- The BICS data supports this message, indicating that the support received from the Scottish and UK Governments has helped most beneficiaries survive through the immediate crisis. 72% of businesses in Scotland who received support reported that it had helped them continue trading.
- The sectors that have benefited most from the support provided by the Scottish and UK Governments (those with the highest proportion of businesses reporting the support helped them continue trading in BICS) were: Arts, Entertainment & Recreation (87%); Accommodation & Food Services (82%); Construction (80%); Professional, Scientific, Technical Activities (74%); and Admin & Support Services (70%).
- Since the initial evaluation, the Arts, Entertainment & Recreation sector has seen an increase in the share of businesses reporting that the support had helped them continue trading while the Accommodation & Food Services sector has seen a decline in the share of businesses reporting that the support had helped them.
- A third (33%) of businesses in the Transport & Storage sector reported that the support did not have an impact on their ability to continue trading, followed by a quarter (25%) of Manufacturing businesses and 18% in the Wholesale, Retail & Repair of Vehicles sector (though still a majority in each felt it had helped continue trading).
- OCEA's Strategic Framework Sector Viability Modelling, which models the impact of the CJRS and non-domestic rates (NDR) relief on business viability, suggests Accommodation & Food Services has been the sector most impacted by COVID-19 restrictions over the course of the pandemic. Construction, Transport & Storage, Admin & Support Services, and Other Service Activities are also modelled to have been significantly affected.
- Findings from BICS indicates that the support received from the Scottish and UK Governments has had a bigger impact on SMEs (73% felt it had helped them continue trading) than on larger businesses (65%), largely reflecting the targeting of Scottish Government support at smaller businesses.
- Reflecting the high uptake of the CJRS, feedback from the business representative organisations highlighted the fundamental role the scheme has played in maintaining business viability and the likely impact that its unwinding will have on redundancies if demand remains weak and businesses' turnover is insufficient to cover wage bills. This is supported by results of OCEA's Strategic Framework Sectoral Viability Model which indicate that business support – CJRS in particular, was crucial in maintaining a degree of profitability in the worst affected sectors at crucial stages in the pandemic.
- OCEA's Strategic Framework Sectoral Viability Model found that business support (CJRS in particular) was effective in softening impacts of the pandemic, but did not restore viability close to pre-COVID-19 levels in the worst affected sectors (e.g. Accommodation & Food Services) over the course of the pandemic

so far. Grants schemes (e.g. Business Support Fund) are most effective for micro businesses.

- Of the Scottish-specific schemes, the two core grant funds (Small Business Grant and Strategic Framework Business Fund) appear to have had the biggest impact, reflecting their scale relative to the other interventions. These funds had the greatest reach with the highest proportion of businesses in Scotland applying and receiving the grant support according to BICS. Feedback from the business representative organisations also indicates that grant support, particularly the Business Support Fund Grant, have been more popular than other support measures offered to businesses.
- Feedback from the business representative organisations indicated that the loan schemes were less popular than grant schemes, with many businesses reluctant to take on new debt given the uncertainties they face. The number of businesses receiving financial support from the UKG government-backed loan schemes has increased significantly since the initial evaluation undertaken in summer 2020 indicating that businesses are taking tentative, but necessary measures to survive in subsequent lockdowns.
- Where debt has been taken on, evidence suggests fears that it may hamper business recovery and growth for many businesses. This indicates that the loan schemes may potentially have a lower net benefit to businesses than the grant schemes.

Whereas the previous section focused on the uptake of the support schemes in Scotland, this section considers the impact of the support in terms of businesses' ability to survive and maintain employment in the short-run. It draws on qualitative evidence from business representative organisations, intelligence gathered by the enterprise agencies from their account-managed firms as well as evidence from BICS and OCEA's Strategic Framework Sectoral Viability Model.

Feedback from the business representative organisations and enterprise agencies suggest that government schemes have provided lifeline support for businesses during periods of lockdown restrictions, helping most business survive up to this point. This is echoed in data from BICS which indicates that the support received from the Scottish and UK Governments has helped most beneficiaries survive through the immediate crisis. BICS data for the period 17 to 30 May 2021 (wave 31) shows that almost three quarters (72%) of businesses in Scotland (who had not permanently stopped trading at the time of the survey and had received support from Scottish or UK Government schemes or initiatives) reported that the support helped them to continue trading. 19% felt the support received had not impacted their ability to continue trading and 9% were not sure. Compared to the last wave of BICS with comparable results (wave 16 – 19 Oct to 1 Nov 2020), less businesses felt that the support had helped them continue trading (77% compared to 72% in wave 16). It should be noted the varying levels of restrictions placed on businesses during these period which may influence businesses' responses to this question.

### **Impact by Sector**

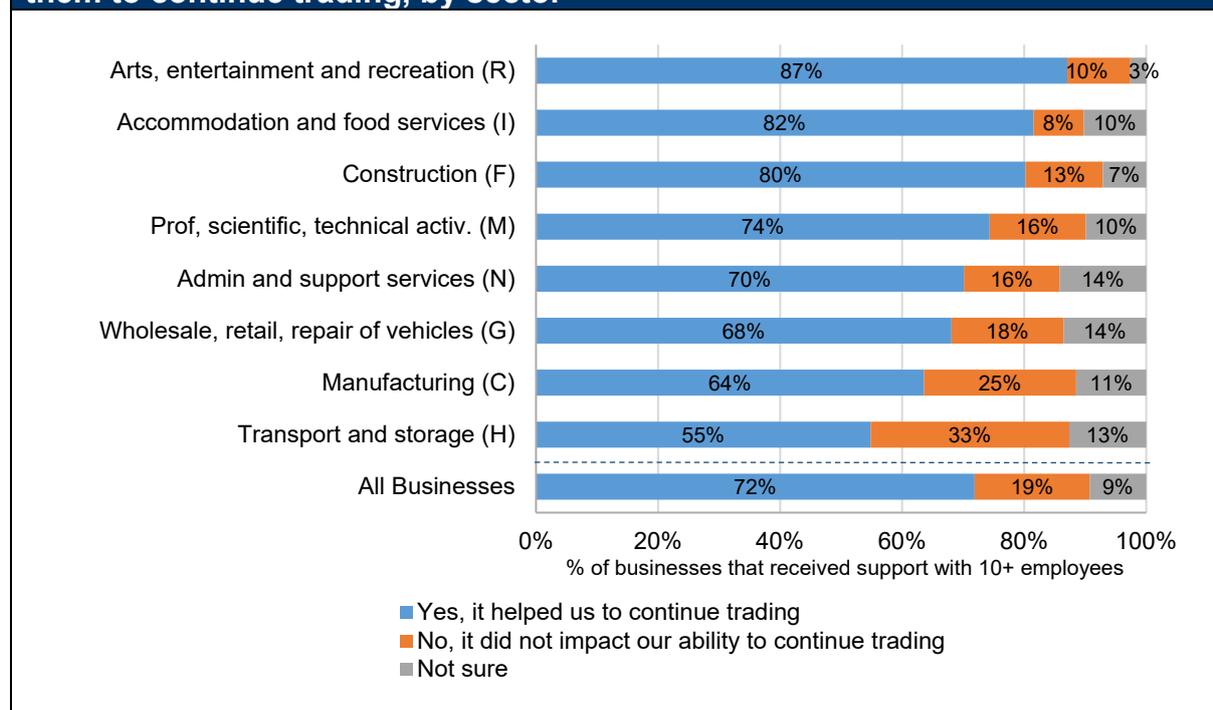
BICS data suggests that the sectors that have benefited most from the support provided by the Scottish and UK Governments (in terms of having the highest proportion of businesses that received support reporting the support helped them

continue trading were: Arts, Entertainment & Recreation (87%), Accommodation & Food Services (82%); Construction (80%); Professional, Scientific & Technical Activities (74%); and Admin & Support Services (70%) (Chart 26).

The Accommodation & Food Services, Admin & Support Services, and Transport and Storage sectors all saw a significant decline in businesses reporting that the support package has helped them continue trading compared to the previous wave of BICS (wave 16). The Arts, Entertainment & Recreation sector has seen an increase since the last comparable wave of BICS, and are now the sector with the greatest share of businesses reporting that the support had helped them continue trading. 87% in the sector stated that it helped them in wave 31 (17 to 30 May 2021) compared to 77% in wave 16 (19 Oct to 1 Nov 2020).

A third (33%) of businesses in the Transport & Storage sector reported that the support did not have an impact on their ability to continue trading, followed by a quarter (25%) of Manufacturing businesses and 18% in the Wholesale, Retail and Repair of Vehicles sector.

**Chart 26: Businesses in Scotland reporting initiatives and schemes helped them to continue trading, by sector**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 31

Note: Reliable data on the Water Supply, Sewerage, Waste (E), Information and Communication (J), Real Estate Activities (L), Education (P), Health and Social Work (Q), Other Services Activities (S) and Mining and Quarrying (B) sectors is not available.

OCEA's Strategic Framework Sectoral Viability Model corroborates BICS findings on impact for the most part. By comparing the level of government support provided by two key schemes, the CJRS and non-domestic rates (NDR) relief<sup>57</sup>, and the financial losses that businesses have incurred across the sectors of the Scottish economy, the

<sup>57</sup> The model does not take all the support schemes into account. It currently incorporates the following schemes: Job Retention Scheme; and Non-domestic Rates Relief.

model identifies those sectors where viability has been most impacted by the pandemic, and the extent to which it has been restored by support.

Table 5 shows, for each sector from March 2020 to May 2021 based on 2018 Scottish Annual Business Statistics data: modelled pre-COVID-19 profitability; modelled profitability without government support; modelled profitability with support from the CJRS and NDR relief.

**Table 5: Sectoral Viability Modelling Results for Projected Annual Profitability by Sector**

Modelled Profitability by Sector - March 2020 to May 2021					
	Pre-Covid (£m)	No Support (£m)	CJRS and NDR Relief in Effect (£m)	No Support (% of Pre-Covid)	CJRS and NDR Relief in Effect (% of Pre-Covid)
Agriculture, forestry and fishing	555	504	566	91%	102%
Mining and quarrying	15,111	10,833	11,476	72%	76%
Manufacturing	7,359	5,779	6,696	79%	91%
Construction	4,848	2,547	3,465	53%	71%
Wholesale, retail, repair of vehicles	7,473	5,678	7,461	76%	100%
Transport and storage	3,199	917	2,062	29%	64%
Accommodation and food services	1,902	- 1,228	644	LOSS	34%
Information and communication	3,575	3,004	3,329	84%	93%
Prof, scientific, technical activ.	6,304	5,048	5,778	80%	92%
Admin and support services	4,338	2,408	3,352	56%	77%
Other service activities	861	- 211	30	LOSS	3%

*Source: OCEA Strategic Framework Viability Model*

Findings indicate that every sector has been adversely impacted by the pandemic; some to a greater degree than others. With no support, the sectors (at SIC section level) identified as having had their viability most significantly impacted are:

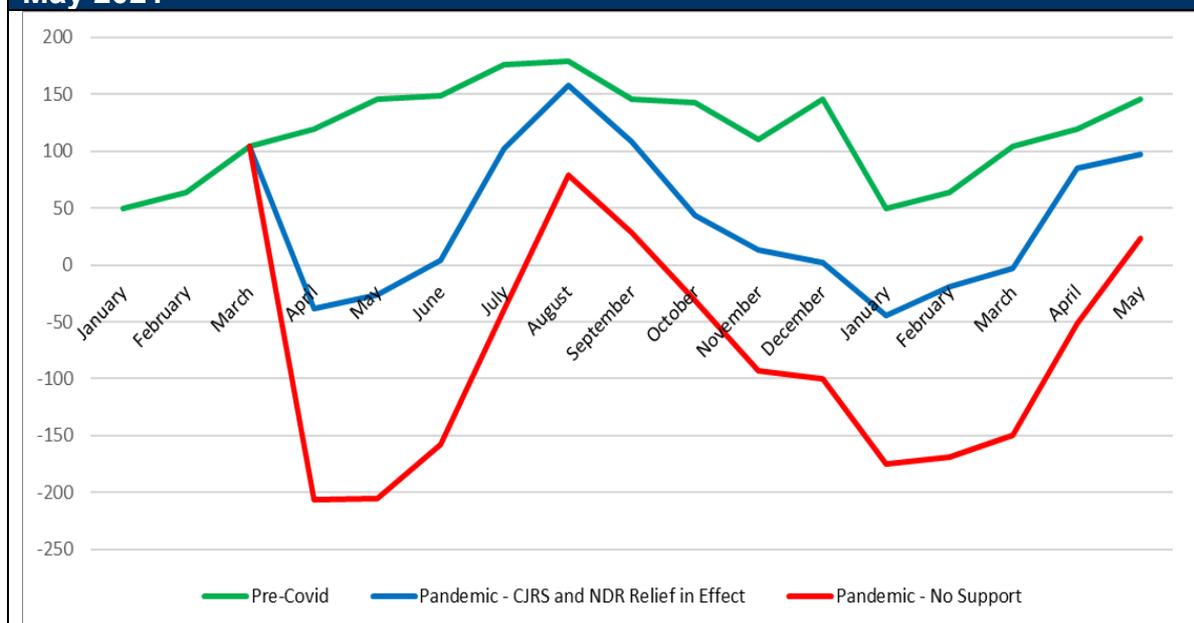
- Construction
- Transport & Storage
- Accommodation & Food Services
- Admin & Support Services
- Other Service Activities

It should be noted, however, that there is significant variability at sub-sector (division) level within the broad sectors (sections). For example, it is recognised that non-essential retail businesses have suffered significantly more than essential retail businesses, or that the aviation component of Transport & Storage is likely to have suffered significantly worse than the sector as a whole.

Of CJRS and NDR Relief, CJRS has been the most significant. Given the nature of CJRS, those sectors which have been most affected are also those likely to benefit most from this type of support. Those sectors modelled to have been most adversely affected are also those for which viability has been restored to the greatest extent by this support package.

The model finds Accommodation & Food Services to be the sector most significantly impacted by the pandemic. As shown in Chart 27 below, it finds that while profits remained depressed throughout the pandemic, the sector experienced a return to some level of profitability over the summer of 2020. In June to October 2020, with key support packages in place, profits were estimated to exceed estimated breakeven levels, approaching pre-COVID levels in August 2020 before the introduction of further restrictions. Business support has helped to reduce losses across the sector, but the modelling results suggest that viability is more dependent on recovery of trading opportunities and relaxation of restrictions. CJRS in particular has been effective in softening the impact of the pandemic, but has not restored profits to pre-COVID levels in the sector.

**Chart 27: Accommodation & Food Services: Modelled Profitability (£m) to May 2021**



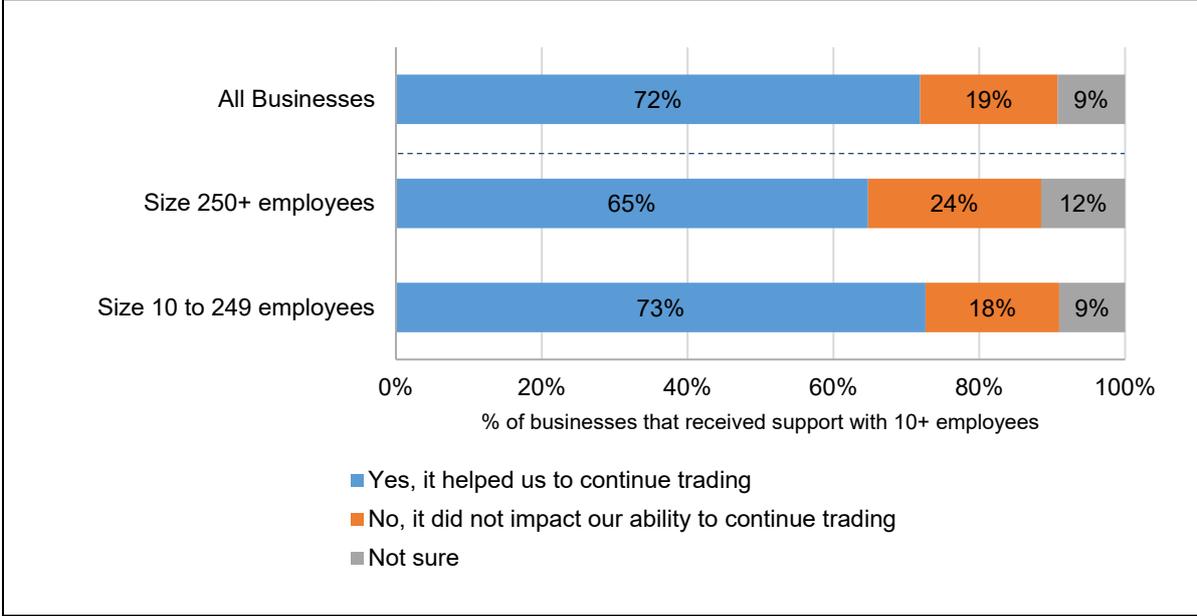
Source: OCEA Strategic Framework Viability Model

### Impact by Business Size

Data from BICS indicates that the support received from the Scottish and UK Governments has had a bigger impact on SMEs' survival (73% of SMEs felt the support received helped them continue trading) than on larger businesses (65%). This, however, is less of a difference compared to the last comparable wave of BICS (wave 16) where 79% of SMEs felt the support had helped them continue trading compared to 60% of large businesses.

Even as a sector moves back into profitability, sustained losses incurred over the course of the pandemic could still be an issue, with balance sheets significantly weakened. OCEA's Strategic Framework Sectoral Viability Model suggests that this could be especially the case for larger businesses in the worst affected sectors. By comparison, the model finds that grant schemes are typically most effective for smaller businesses.

**Chart 28: Businesses in Scotland reporting initiatives and schemes helped them to continue trading, by business size**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 31

**Impact by Scheme**

The qualitative feedback received from the business representative organisations and enterprise agencies for account managed firms is consistent with the BICS findings that government support has provided lifeline support during lockdown, helping most business survive up to now. SCC reported that the “the packages of business and wider fiscal support have been invaluable to businesses”. The measures of support that were deemed to have had the most significant impact are the ones that have eased the most considerable costs that businesses face: covering the cost of employees’ wages and business taxation.

The feedback highlighted the fundamental role of the CJRS and the potential impact that its unwinding will have on redundancies. The feedback suggested that, of all the schemes, the CJRS has had the biggest impact by far, preventing tens of thousands of business closures and redundancies in the short term. Protecting staff through furlough has aided the retention of essential skills within industries. This is line with the feedback collected in summer 2020 following the first lockdown. CBI Scotland reported that CJRS “has for many been described as a ‘life-saver’ for their business.” This reflects the scale and blanket coverage of the CJRS where all businesses with employees in the UK were eligible since its inception in March 2020. Businesses have praised the government for extending schemes such as CJRS when necessary as the country faced continued lockdown restrictions throughout 2020 and 2021. The success of the furlough scheme also highlights the effectiveness of offering flexible support packages to businesses as nearly half of employees on furlough in Scotland are on it part-time.

Accordingly, businesses were still concerned about the winding down of the CJRS scheduled for September 2021 given the share of people still furloughed. More than 2 in 5 businesses (43%) reported staff on furlough in the two week period 28 June to

11 July 2021<sup>58</sup> and 1 in 10 (11%) eligible employments were furloughed in Scotland as at 30 April 2021<sup>59</sup>. Even in October 2020, at the point where restrictions on economic activity were most relaxed and a contribution to costs was required, 9% of the workforce were furloughed. As the scheme is phased out, while demand across many sectors of the economy remains weak and for many businesses, turnover remains insufficient to cover their wage bills, the business representative organisations highlighted the uncertainty they face for the future. Businesses worry that the economy will not have rebounded sufficiently enough by September, and that restrictions will not have eased enough to empower businesses to bring furloughed staff back to the workplace. This feedback supports the BICS findings and management information on the high uptake of the scheme relative to other schemes.

In regards to UK Government support, the VAT reduction was welcomed, but the STA noted that it only offered real value to those businesses able to trade and recommends that it is extended to make a significant impact. VAT repayment deferral was also seen as a necessary measure that helped a lot of businesses survive by easing cash flow pressures. SEISS was also flagged as having a significant impact on the self-employed, however the Scottish Government's Newly Self-Employed Hardship Fund was noted as being vital in filling in the gap for those recently self-employed. On UKG sector specific support, the Eat Out to Help Out Scheme available in August 2020 was valuable to the food and beverage services sector in stimulating demand. Businesses were keen for the scheme to be repeated if demand subsides later in 2021.

The intelligence gathered found many businesses are reluctant to take on new debt during the pandemic, and the loan schemes offered by the UK Government were resultantly not suitable for many businesses in affected sectors given future uncertainty to repay. Those that did benefit from the loan schemes reported that they were useful for cash flow purposes. The Bounce Back Loan Scheme introduced in May 2020 offered more favourable terms for small businesses and the share of businesses using the loan schemes has increased since its inception.

Following the first lockdown, businesses felt that the UK Government's Coronavirus Business Interruptions Loan Scheme (CBILS) had not delivered the intended volumes of short-term bridging finance that were envisaged at the time, however this was not as much of an issue for this round. Feedback from the FSB last summer indicated that "the major difficulties experienced by the Coronavirus Business Interruption Loan Scheme (CBILS) has not helped alter the view held by many that traditional debt finance is not a viable option for them." This reflects the scheme management information data presented in section 4.1 which showed that CBILS has supported just 5% (4,144 loans) of the number of businesses that the Bounce Back Loan Scheme supported (86,062 loans), which appealed more to smaller businesses. Nevertheless, BICS findings show that an increased share of business have applied for loan schemes (35%) when compared to the last comparable wave (26%).

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<sup>58</sup> Source: BICS Wave 34.

<sup>59</sup> Source: HMRC, Coronavirus Job Retention Scheme Statistics April 2021.

Where debt has been taken on, the evidence gathered from the business representative organisations suggested that it is likely to hamper business recovery and growth for many businesses. The FSB noted that “debt had fallen on the shoulders of small businesses for a ‘force majeure’ while, according to some evidence, large businesses increased cash reserves.” Intelligence from SE also states that “many businesses have delayed debt repayments over the last year and accrued even greater levels of debt – and now fear repayment coming due before revenue fully recovers”. This issue was emphasised for the tourism sector and the long-term implications of debt for the competitiveness of the Scottish sector. Recent estimates by officials and bankers report that as much as £5bn of state-backed government COVID-19 emergency loans are at risk of not being repaid in the UK, however this is not as significant as first feared. The first few months of debt servicing shows that, so far, between 5% and 10% of SME beneficiaries of the Bounce Back Coronavirus Support Scheme have missed repayments<sup>60</sup>.

An Institute of Directors (IoD) survey found that 51% of IoD members surveyed in May 2020 thought debt taken on during the crisis would have a negative impact on their recovery over the next two years. 57% thought the debt taken on would hold back their investment plans over the next two years. More recent SE intelligence echoes this - “many smaller businesses expect to operate with high debt levels for the foreseeable future and are unlikely to invest in their business for some time as a result”. This suggests that, when the potential adverse impacts on future performance are taken into account, the loan schemes may potentially have a lower net benefit to businesses than the grant schemes, even though they would have offered many businesses an opportunity to smooth out their cash flow challenges.

Of the Scottish-specific schemes, feedback from the business representative organisations suggests that the Business Support Fund Grants have had the biggest impact for the first lockdown in 2020. This reflects its scale and reach in terms of number and value of grants provided relative to the other interventions as highlighted in section 2.1. FSB Scotland reported that “for many local businesses, interventions such as the £1.2bn Coronavirus Business Support Fund have been the difference between closing temporarily and closing for good.”

Business Rates relief was also seen as a scheme with great impact on Scottish businesses’ ability to survive and retain employment. Rates relief was reported to have been particularly helpful for the hospitality and tourism sectors.

Tailored sectoral packages of support were very welcomed by majority of sectors, however it was noted these did not provide universal coverage (see “Perceived gaps in support” below). While many businesses report that the support has allowed them to survive, they feel it has not been enough for business to feel secure and competitive for future trading. A survey of aquaculture and sea fisheries businesses undertaken by Marine Scotland, a sector that received sector specific support by SG, found that over half (55%) of respondents partly relied on government support during COVID-19 restrictions while 18% of businesses solely relied on the support to continue operating<sup>61</sup>.

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<sup>60</sup> [The Financial Times - August 2021 - Defaults on UK's emergency Covid loans set to be up to £5bn.](#)

<sup>61</sup> [Coronavirus \(COVID-19\): marine sectors - business survey - gov.scot \(www.gov.scot\)](#)

More recent support packages made by the Scottish Government, such as the COVID-19 Restrictions Fund and top up payments to furlough support, designed to cover periods of national lockdowns were seen as an important source of support in some of the most challenging times of businesses going through cycles of stop and start lockdowns, according to the SCC.

The business representative organisations welcomed the discretionary funding delivered by local authorities which they viewed as successful in addressing gaps in support, despite the delay in getting funding to businesses in need. Similar feedback was provided for the support delivered by the enterprise agencies such as the Pivotal and Hardship Funds.

While the support was welcome, some feedback indicated discontent with the Strategic Framework Support offered by SG due to its varying impact across sectors and business size. A survey of 350 businesses conducted by SCC found that over half (53%) did not feel that the Strategic Framework Support provided the financial support they needed<sup>62</sup>. A quarter (24%) reported that the support did cover their financial needs, while 23% did not know.

Despite the scale of financial support for businesses, feedback from business representative organisations suggested there is nevertheless a feeling that many small businesses were not supported sufficiently. The FSB noted a common perception that some businesses 'unfairly' received more support than others who were similarly deserving. Similarly, the feedback suggests many small businesses feel the support they received has allowed them to survive in the short term, but has been well below that which would be needed to fully offset income lost over the past year.

While the schemes with the greatest reach, such as the CJRS, are highlighted as having the greatest impact in terms of wider impact on the economy, smaller schemes targeted at certain businesses by sector, size or area have also had an important impact based on the circumstances of each business. The support package shaped over the course of the pandemic as circumstances evolved has allowed businesses to benefit from targeted financial support. Feedback indicated that the support package been most beneficial when businesses have taken advantage of multiple schemes to protect both the business and its employees e.g. CJRS and Business Grants.

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<sup>62</sup> Scottish Chambers of Commerce QEI Survey, Q4 2020.

### 4.3 Additionality of Scottish Government Support

#### Summary

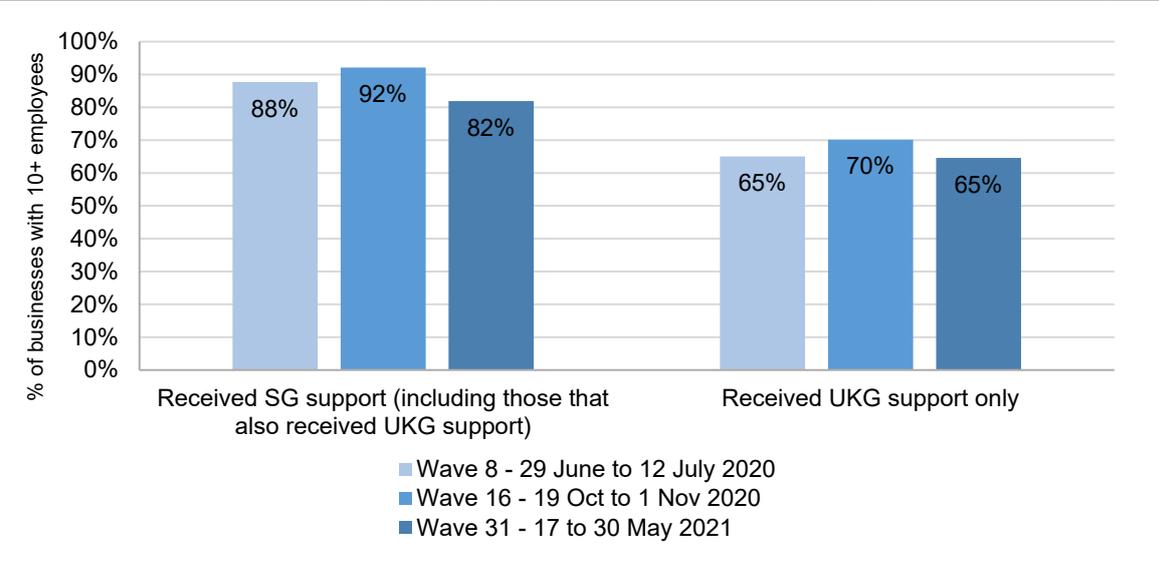
- BICS data shows that a higher proportion of businesses that received Scottish Government support (including those also receiving support from UK Government) felt it helped them continue trading compared to those that received UK Government support only. This suggests Scottish Government support had an ‘additional’ impact, over and above the impact of the UK Government schemes.
- The share of businesses that received SG support (including those that also received support from the UKG) that reported it helped them continue trading has declined slightly compared to the last comparable waves of BICS in 2020, while those that received UKG support only has been relatively stable.
- Feedback from the business representative organisations suggests that Scottish Government support had filled many gaps in UK Government support but only for a limited number of businesses and sectors.
- The extent to which OCEA’s Strategic Framework Sectoral Viability Model methodology can be applied to assess the relative impacts of SG support is relatively limited. However, the modelling results indicate that the support provided by the Business Support Fund Grants, on their own are effective in softening the impacts of restrictions, but for the average business will not have been enough to restore profits close to pre-COVID levels.

Whereas the previous section considered the impact of the Scottish and UK Government support package as a whole, this section focusses on the ‘additional’ impact the support provided by the Scottish Government had, over and above that of the UK Government support. It draws on qualitative evidence from business representative organisations and intelligence from the enterprise agencies on account managed firms as well as evidence from BICS and OCEA’s Strategic Framework Sectoral Viability Model.

Data from BICS for the period 17 – 30 May 2021 (wave 31) shows that a higher proportion (82%) of businesses that received Scottish Government support (including those that also received support from UK Government) felt it helped them continue trading compared to those that received UK Government support only (65%). This suggests that the support provided by the Scottish Government had an ‘additional’ impact, over and above the impact of the UK Government schemes.

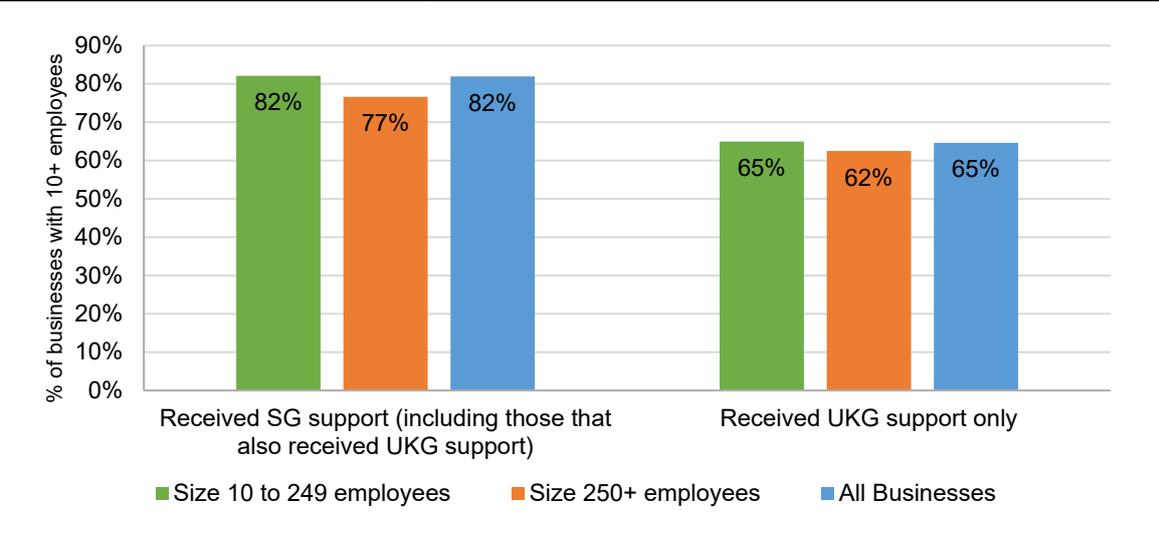
Chart 29 shows that the proportion of businesses that received SG support (including those that also received support from UKG) reporting the support helped them to continue trading was at its lowest level in the most recent wave of BICS (17 to 30 May 2021) compared to comparable waves from summer and autumn 2020.

**Chart 29: Businesses in Scotland reporting initiatives and schemes helped them to continue trading, by support received over time (waves of BICS)**



Source: ONS: Business Insights and Conditions Survey (BICS)

**Chart 30: Businesses in Scotland reporting initiatives and schemes helped them to continue trading, by size**



Source: ONS: Business Insights and Conditions Survey (BICS) Wave 31

This is supported to some extent by the intelligence from the business representative organisations. Feedback received found that Scottish Government support has filled some of the gaps in UK Government support, but only for a limited number of businesses and sectors. The SCC recognised that the Scottish Government provided “bespoke schemes that were not available in other parts of the UK”. The FSB echoed this: “The Scottish Government was able to ‘plug’ some gaps in support, initially via PERF and newly-self-employed funds but most notably the wide range of sectoral schemes that became available.”

The SCC offered some criticisms amongst its broadly positive feedback for the SG in that “while the delivery and mechanisms of certain sectoral schemes from the

Scottish Government could have been improved, they did address some critical gaps in business support not being filled by the UK Government". The STA were less positive in their feedback for the tourism sector stating that the Scottish Government's "level of support is still way below the basic fixed costs most businesses are having to incur. SG support helped narrow the gap but there remain gaps in support for many in the sector and the supply chain and the need for more to manage through recovery."

The discretionary fund delivered by local authorities was commended among the business representative organisations for filling the gaps in the main schemes, for example for businesses not directly impacted by restrictions, but experiencing supply chain issues or lack of demand from travel bans. The Newly Self-Employed Hardship Fund was also deemed successful in its goal to cover the key gap in the UK Government SEISS of it not being able to support those more recently self-employed.

Sector specific schemes delivered by the Scottish Government and its partners were seen to have had an additional impact on top of the support offered by the UK Government. Funds for accommodation and childcare providers and taxi drivers were highlighted along with the range of grants for the tourism and creative sectors. BICS data corroborates the improvement of the sector-specific support for the Arts, Entertainment & Recreation sector in helping businesses survive and maintain employment since the initial evaluation.

The IoD reported that larger businesses have relied mostly on support provided by the UK Government. This is expected given the targeting of Scottish Government support to SMEs. Furthermore, UK Government and Bank of England support such as CJRS, CCFF and the loan schemes were eligible for larger companies in any sector. It should be noted that support for large businesses is likely to feed through to support smaller businesses in larger businesses' supply chains.

In summary, of the Scottish-specific schemes, the Newly Self-Employed Hardship Fund, Discretionary Support Funds and certain sector specific schemes were seen to provide crucial support that was not covered by the UKG initiatives and schemes.

The extent to which OCEA's Strategic Framework Sectoral Viability Model methodology can be applied to assess the relative impacts of SG support is relatively limited. However, by modelling the annual profitability of the average firm in each sector split by size, and making assumptions about eligibility for the Business Support Fund Grants (i.e. micro and small businesses are eligible for a £10,000 grant and micro, small and medium-sized businesses in the retail, hospitality and leisure sectors are eligible for a £25,000 grant), it is possible to make some projections about the proportional impact of the Business Support Fund Grants.

The results, shown in [Annex 2](#), demonstrate that for the most part, the support provided by the Business Support Fund Grants on their own, is not sufficient to return the worst affected businesses to pre-COVID levels of profitability. As with Business Support Fund Grants, the extent to which OCEA's Strategic Framework Sectoral Viability Model can be used to assess impacts of sector specific grants is limited, and attempts to use this method have not yielded conclusive results.

## 4.4 Application Processes for Scottish Government Schemes

### Summary

- Businesses remained somewhat happy with the level of advice and support available, although this was less positive than the initial feedback collected in summer 2020 for the previous evaluation.
- Feedback from the previous evaluation undertaken in the summer of 2020 found that business representative organisations recognised that the SG and delivery partners were working at pace and therefore that some of the issues encountered were understandable given the timescales involved; however, some of these issues continued to be highlighted in this exercise.
- Businesses described a confusing landscape and difficulties in finding information on the schemes available. Some businesses were unaware of the support available to them.
- Businesses felt the applications process for some schemes was cumbersome and inefficient. Some businesses report not having received any explanation for having their application rejected.
- Feedback on application processing times was mixed. A noted complaint following the first lockdown was the perceived inconsistencies of approach across local authorities when appraising applications for the Business Support Fund Grants and differences in the efficiency at which applications were processed, however this appeared to not be as much of an issue for the subsequent grant schemes.
- Feedback from businesses in receipt of the Seafood Business Resilience Fund in 2020 indicates businesses were deeply appreciative of the grant, the speed at which applications were processed and the wider support provided. This perhaps reflects the smaller scale of the scheme relative to the significantly larger scale schemes where more processing issues were understandably found.

This section draws on feedback from the business representative organisations and enterprise agencies to assess businesses' perceptions about the delivery of the schemes based on their experiences at the application stage and on the processing of applications and payments.

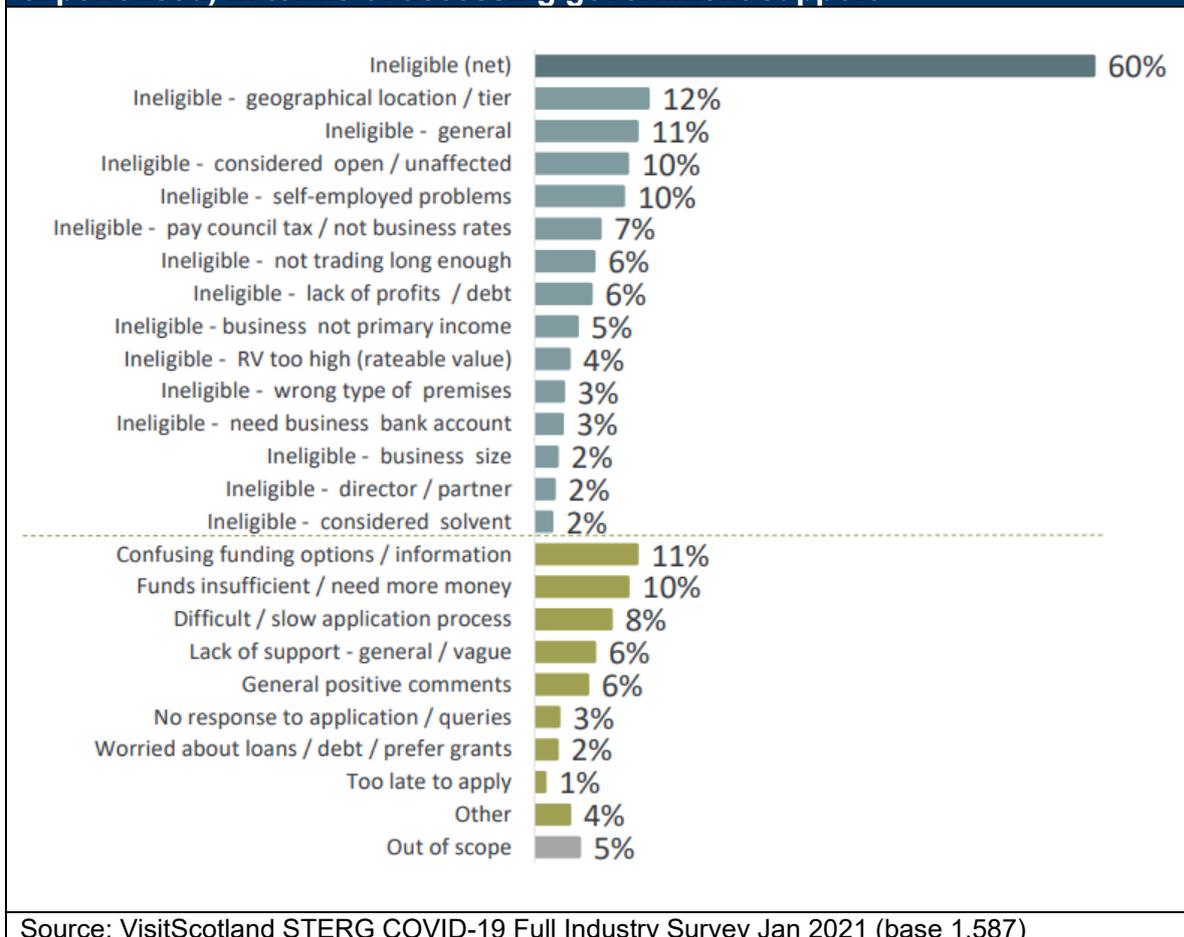
As the pandemic context evolved throughout 2020 and 2021, businesses reported finding it difficult to navigate and understand information about the eligibility criteria for the schemes available. The Scottish Chambers of Commerce reported that many businesses “have not known what they were entitled to, saying that the process is too complex and slow” and the FSB echoed this stating that “many businesses were unaware of the support available”. While businesses appreciated the urgency in getting funds to businesses, they were keen to have financial support and guidance as simplified and accessible as possible. Some businesses were unaware of the name of the schemes they had applied to or been awarded due to the sheer number of schemes made available. This was not necessarily a problem specific to Scottish Government support as there was criticism for UK Government also, but the majority of examples were in relation to SG schemes.

Eligibility criteria was another key issue raised by businesses in the recent feedback, in line with comments made following the first round of support in summer 2020. Some businesses reported having applied for sectoral support funds, then been

rejected from this, and subsequently seeking council discretionary funding, which was more limited in terms of the finance available. Some businesses report not having received an explanation for having their application rejected. The SCC commented that “this lack of flexibility around eligibility criteria can be particularly painful for a business to experience”. There was also uncertainty for some businesses on whether they could apply for multiple schemes throughout the pandemic.

A recent survey of tourism businesses undertaken by VisitScotland found that 60% found ineligibility as a challenge which included such reasons as geographical location (12%), general reason (11%), business considered unaffected by restrictions (10%) and self-employed problems (10%) (Chart 31). General challenges were also reported such as confusing funding options (11%), business funds insufficient (10%) and difficult/ slow application process (8%)<sup>63</sup>. Feedback from a tourism business undertaking the VisitScotland survey found the “Scottish Government website offering COVID guidance very difficult to navigate and not user friendly”.

**Chart 31: Challenges tourism businesses experiencing (or have experienced) in terms of accessing government support**



Intelligence suggests businesses were somewhat happy about the level of advice and support received given the circumstances although many felt the application processes for individual grant schemes were lengthy and complex. The feedback

<sup>63</sup> [Coronavirus Insights Survey January 2021 \(visitscotland.org\)](https://www.visitscotland.org/coronavirus-insights-survey-january-2021)

was less positive than that received from business representatives in summer 2020 on the whole. The business representative organisations recognised that the Scottish Government and its partners were working at pace and therefore some of the issues encountered were understandable given the timescales involved. Feedback received suggests that the processing problems reported for some of the support schemes has made survival more challenging for some Scottish businesses as well as creating additional anxiety for business owners. The STA reported that “those funds that had first come first serviced timeline attached to them caused problems with technology and frustration... plus questions [from businesses] being around those awarded the grants being the right business and it being fair.”

Feedback on application processing times was mixed. A noted complaint following the first lockdown in early 2020 was the perceived inconsistencies of approach across local authorities when appraising applications for the Business Support Fund Grants and differences in the efficiency at which applications were processed in 2020, however this appeared to not be as much of an issue for the subsequent grant schemes.

The business representative organisations raised the issue of CJRS restrictions in subsequent lockdowns in 2021 as employees are only eligible if they were on the business’s payroll at the end of March 2020. As a result, people who were employed for the easing of restrictions in Scotland at the end of April/mid-May did not qualify for support when restrictions remained in Moray and Glasgow.

There was positive feedback such as the decision to invite the industry sector groups to shape the criteria for the sector funds and work with the Government and its partners in doing this. The Find Business Support website was seen to have improved over the course of the pandemic, however many recommendations were made for improvement such as having dedicated sections for specific sectors/ businesses to allow for better navigation of the support available. Businesses also suggested that details on eligibility and updates on dates etc. could also be more clear and timely.

Businesses also reported that some of the scheme application forms were confusing, lengthy and time demanding, when business owners were already under pressure with limited time and resource. CBI Scotland reported in summer 2020 that “anecdotal evidence from firms applying for the pivotal resilience fund has been that the application process was overly onerous, especially when considering the pressure owner-managed firms were under and the lack of time and resource available to fill in long forms.” This was echoed in feedback from the enterprise agencies on the experience of account managed firms.

Feedback received from businesses in receipt of the Seafood Business Resilience Fund indicates businesses were deeply appreciative of the grant, the speed at which applications were processed and funds paid, and the wider support provided to businesses at a difficult time. This perhaps reflects the smaller scale of the fund, in terms of numbers of applications, relative to the significantly larger scale schemes where more processing issues were found.

## 4.5 Perceived Gaps in Support

### Summary

- Although the support offered by Scottish Government addressed some identified gaps in UK Government support, the two together did not and were not intended to provide universal coverage of all sectors of the economy.
- Perceived gaps identified in feedback gathered for this evaluation include businesses not linked to the rates system, businesses that have second-hand impact from directly affected sectors (e.g. suppliers), and early-stage businesses that do not have sufficient financial history.
- Business representative organisations highlighted the continuing impact of the pandemic on businesses as the COVID-19 context changes and restrictions are relaxed, and called for continued and flexible support. In particular, businesses highlighted concerns about the unwinding of CJRS. This is echoed in the BICS and management data where a significant number of businesses were still using CJRS, and also OCEA's Strategic Framework Sectoral Viability Model which demonstrates the importance of CJRS for sectors where demand remains weak.
- Business representative organisations identified some areas where further support might be considered, including:
  - support and practical advice for businesses to comply with physical distancing and health and safety requirements;
  - support for businesses that are digitally unequipped to gain from the accelerated trend in e-commerce;
  - support for businesses operating on a largely seasonal basis; and,
  - support for businesses required to close for longer periods.
- In addition, business representatives highlighted: the need for advice and support for the newly unemployed; recommended collaboration with stakeholders when designing and processing future support schemes; COVID-19 induced skills shortages; the need for support to develop local supply chains; the opportunity to use green investment to drive the recovery; and the role the Scottish National Investment Bank could play in the recovery.

This section draws on feedback from the business representative organisations and Scottish Enterprise's account managed firms and OCEA's Strategic Framework Sectoral Viability Model to consider perceived gaps in the existing support package and areas where further support might be considered as businesses emerge from 'lockdown' and move towards recovery.

Businesses were generally optimistic about recovery due to the successful vaccination programme. Some gaps identified in the initial evaluation have since been addressed in later support packages, such as larger businesses (with rateable values above £51,000) now being eligible for grant support; however, business representatives identified some areas that they considered to be continued gaps in the support offered.

Types of business identified by stakeholders as being unable to access support included:

- Non-premises based businesses such as home-based or vehicle-based businesses who are not linked to the rates system and are therefore not eligible

for main grant schemes<sup>64</sup>. This also includes businesses who may pay rents but not rates on their premises. Tying support to the rates system excludes businesses without physical premises and creates disparities such as businesses with a large turnover and small footprint receiving less funding than businesses with a large footprint. Businesses also noted that there is also no consistent link between the size of premises and the number of people who might be employed by a business.

- Businesses in sectors that are not directly impacted by lockdown restrictions, but are suppliers of businesses that are impacted thus impacting their trade. The SCC stated that “when that sector is forced to close, that has knock on effects for suppliers who do not usually have the same financial security as those they are supplying.”
- Absence of support available for directors of limited companies. These are usually micro or one person run businesses, often run by one or two directors who work from home and do not employ any staff, but cannot apply for SEISS.
- Early-stage and pre-revenue businesses that do not have sufficient financial history or sufficient evidence of viability to be eligible for existing support. This includes new businesses created between lockdown periods.

Business organisations called for continued and flexible support as the COVID-19 context changes. The FSB found that small businesses “strongly believe” government should continue to intervene to support struggling sectors and businesses. The STA highlighted the limitations of the Strategic Framework support as there is “no support for businesses which lie outwith level 3 areas, but are impacted by restrictions imposed within these areas”, which will particularly impact the tourism and hospitality sectors in more rural areas. There was also sentiment from SE account managed businesses about the ongoing uncertainty around the tier system of restrictions with previous level changes announced at short notice, and the inability to plan ties to uncertainty around the pace and level at which demand will return.

In particular, businesses highlighted the need for additional support as the CJRS is unwound if demand remains weak and businesses are unable to generate the turnover required to cover wage bills. STA: “Furlough is massively welcomed although still at a high cost to business in latter part. Also now too restrictive as only open to those who were on payroll at end of March 21 resulting in new employees taken on for restart/reopen end April and mid-May not qualifying when restrictions in Moray and Glasgow were imposed. Incentive to employers to retain also disappeared”. The FSB reported that most small businesses believe that they have “a responsibility to keep as many employees in work as possible, but many feel this is not possible.”

This is echoed in OCEA’s Strategic Framework Sectoral Viability Model which suggests that while profitability will improve across many sectors as restrictions are further eased, in the absence of support from the CJRS (and NDR relief), many sub-sectors could remain unprofitable, or be operating at a fraction of pre-COVID profits.

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<sup>64</sup> Note that the Scottish Government created the Mobile and Home Based Close Contact Services Fund to partly address this gap in support, however it is still mentioned here following the feedback from business representative organisations.

The business representative organisations also highlighted a number of areas where further support might be considered:

- Support and practical advice for businesses to ensure customer and employee safety and compliance with health & safety and physical distancing requirements. The business representative organisations reported a significant financial burden that many businesses would face in order to comply with health guidance.
- Ongoing support for businesses that operate largely on a seasonal basis, such as tourism, given disruption to the holiday season and limited opportunity to make up for losses in 2020, and the importance of the sector to local economies. Businesses noted the continued impact of the absence of international visitors on the tourism sector in Scotland as well as local travel bans impacting domestic tourism.
- Targeted support to businesses required to close for longer periods under the government's plan, e.g. childcare providers, nightclubs or businesses hit by the reintroduction of lockdown restrictions in the future.
- Support for local businesses (those trading from high streets and stores, and not using online services) that are digitally unequipped to gain from the accelerated trend in e-commerce and affected by reduced town centre footfall. Due to lockdown measures, online retail sales as a percentage of total retail sales has seen record highs across the UK with a peak of 36.3% in January 2021. Online sales made up 26.1% of retailing in the UK in June 2021. Despite the recent decline, online sales are still significantly higher than February 2020's pre-pandemic levels (19.1%)<sup>65</sup>. Data from BICS shows that in July 2020 4% of businesses in the UK started selling goods or services online for the first time during the pandemic<sup>66</sup>. Scottish Enterprise recommends advice/ guidance on how businesses can adapt including "online selling and marketing, investing in the right ICT equipment, and being able to access and develop the necessary skills to deploy new approaches widely."
- The FSB undertook a survey of small businesses in Scotland<sup>67</sup> and asked what their top priorities for future government investment to aid recovery would be: reducing the cost of doing business (for example, overheads such as rent or other bills) topped the list for half of small business owners (51%). Schemes to help create jobs (36%) and renovate empty units in town centres (32%) also ranked highly on the list of priorities for investment (Chart 32).

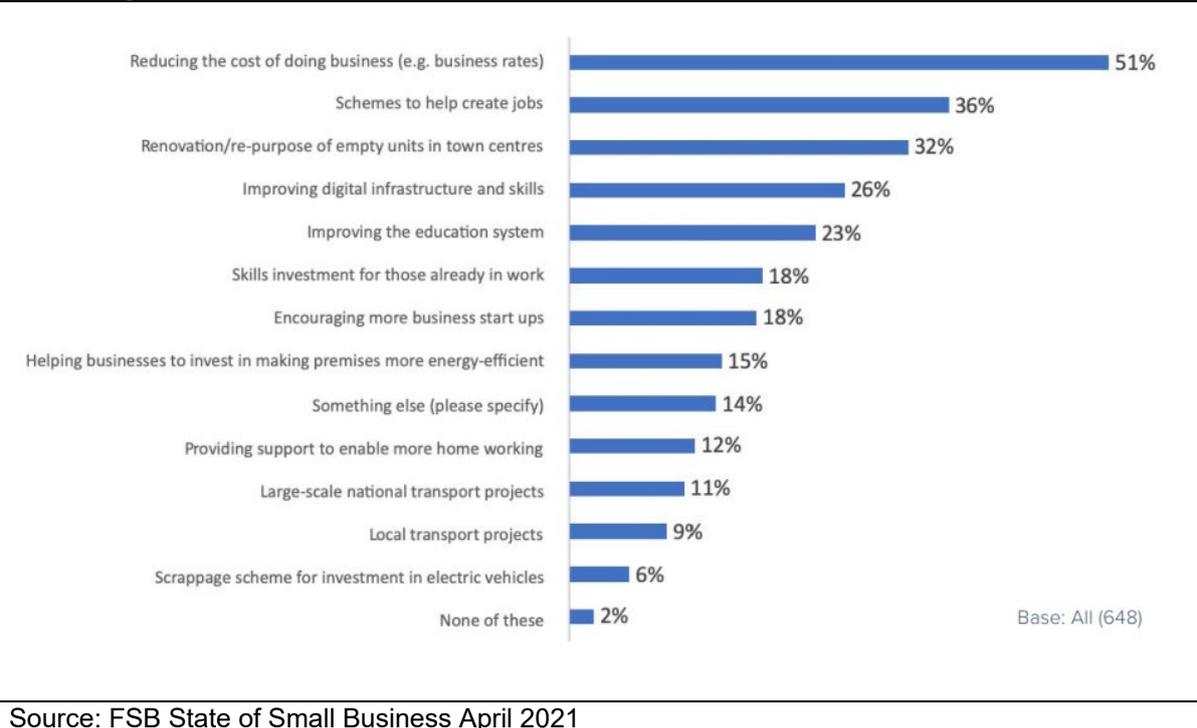
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<sup>65</sup> [ONS Retail Sales Index, UK](#)

<sup>66</sup> [Business Insights and Conditions Survey \(BICS\) UK – Wave 9 \(29<sup>th</sup> June to 12<sup>th</sup> July 2020\)](#)

<sup>67</sup> [Source: FSB State of Small Businesses April 2021](#)

**Chart 32: Small Businesses' priorities for government investment to boost recovery**



Source: FSB State of Small Business April 2021

In addition, business representatives highlighted:

- The ongoing impact of social distancing on the profitability of a range of sectors due to, for example, its impact on the number of consumers allowed in hospitality premises or the number of workers on manufacturing lines. Intel from SE indicates that many businesses feel that social distancing restrictions continue to undermine their ability to trade profitably.
- Businesses want to see more alignment with the four nations approach towards the imposing and easing of lockdown restrictions. Perceived misalignment to date has caused confusion and frustration for some Scottish business – in some cases, leading to a perceived competitive disadvantage for Scottish sectors.
- The need for advice and support for the newly unemployed, particularly young people, to find jobs or training. The marked rise in youth unemployment was mentioned by the SCC who stated that the SG's Young Person's Guarantee Scheme and other educational/ training avenues such as apprenticeships will play a vital role in supporting young people.
- The need to develop local supply chains to build resilience through more local sourcing.
- Businesses have concerns around potential loss of skills for staff that have been on furlough leave. This skills shortage has been amplified by COVID-19 related travel restrictions and a reduced pool of EU workers due to Brexit.
- Perceived issues around funding discrepancies between sector specific funds provided by the Scottish Government and their equivalents in other parts of the UK.
- The opportunity to be involved in reform of the Non-Domestic Rates system.

- Government to engage with industry groups more when it comes to the design of business support schemes, in order to mitigate issues in the delivery and implementation of business support.
- The opportunity the crisis has presented to “fast forward progress on delivering Scotland’s world leading net zero target” (CBI Scotland) by investing in renewables and green infrastructure and technologies to create jobs and build a sustainable future.
- The role that the Scottish National Investment Bank could play in the recovery in “providing long-term, flexible recovery finance” and backing “scale-up businesses, which will be vital for future job creation” (FSB).

## 5. Conclusions

This report has brought together evidence from scheme management information data, survey data, business intelligence and modelling work to provide an early stage evaluation of the initial impact of the business support schemes available to businesses in Scotland.

It has shown that the package of support provided by the Scottish and UK Governments has provided lifeline support to businesses during lockdown, helping most businesses survive up to this point. However, the viability analysis suggests levels of support have not been sufficient to offset losses across many sectors, increasing likelihood of business closures and redundancies as businesses struggle to cope with financial pressures resulting from the pandemic. It should be noted that the package of support was not intended to fully compensate businesses for any losses they faced as a result of the pandemic or the restrictions that have been in place to control the spread of the virus.

As was concluded from feedback in 2020, grant support continues to have been a more popular means of helping businesses to cope with the impact of COVID-19 in the short- and longer term. Many businesses were worried about the consequences of receiving UK Government backed loans because of concerns about the long term impact of debt overhang, however the share of businesses receiving loan support has steadily increased. This perhaps implies that businesses were more willing to take on debt to ease increasing financial pressures as restrictions continued into 2021.

The report shows that while the UK Government's Coronavirus Job Retention Scheme (CJRS) has had the greatest reach and possibly impact, the support provided by the Scottish Government, which focussed on small businesses and sectors most impacted by lockdown, has provided complementary support, filling many gaps in UK Government Schemes. As a result, the Scottish Government schemes have had an 'additional' impact on business survival over and above the UK Government schemes.

The report has demonstrated that businesses were broadly happy with the support provided but that there were some perceived shortcomings in the application and processing of the Scottish Government schemes that were still being experienced.

While the restart of the economy is expected to continue to improve business activity, the viability analysis carried by OCEA for this evaluation suggests a number of businesses could require ongoing support beyond duration of key schemes like the CJRS if restrictions remain in place or demand returns more slowly. As the support package unwinds with the loosening of restrictions in summer 2021, businesses' viability is mostly reliant now on the rebounding of the economy and consumer demand. Early indicators are pointing to a recovery in both Scotland and the UK, however sectoral differences are expected to remain in the near future as businesses in the most affected sectors deal with issues such as reduced savings and debt.

## Annex 1: Scheme by Scheme Management Information Data

This annex provides the management information data from each scheme to show the numbers of businesses applying for and receiving support from each scheme, alongside the value of support provided, with breakdowns by sector and geography where possible.

### i. UK Government Schemes

#### Coronavirus Job Retention Scheme (CJRS)

- **What is it?** Allows UK employers to claim a grant to cover 80% of the wage costs for those employees furloughed due to COVID-19, subject to a monthly cap of £2,500. Employees can now be on full-time or flexible furlough. From 1 July 2021, the level of grant will be reduced and businesses will be asked to contribute towards the cost of their employees' wages.
- **Value:** £65.9 billion across UK up to 14 June 2021 (Scotland data not available)
- **Take up:** 906,400 jobs furloughed in Scotland.
- **Status:** Scheme still open. It has been extended until 30 September 2021.

In Scotland, 906,400 cumulative jobs had been furloughed as at 14 June 2021, accounting for 7.8% of UK total (11.6 million), in line with Scotland's share of total UK employees<sup>68</sup>.

Provisional figures from a snapshot as at 31 May 2021 show:

The take-up rate (furloughed staff as a proportion of eligible employments) stood at 7% in Scotland, in line with Wales, but below the take-up rates for England and Northern Ireland (both 8%). The take-up rate in Scotland has decreased from 12% at the end of April 2021 (number of employments furloughed decreased from the end of April to the end of May by around 103,000).

In Scotland, 173,100 employments were furloughed (both full and partial), while the equivalent figure for the UK was 2.4 million. 51.9% (89,900) furloughed employments in Scotland were on flexible furlough with the remaining 48.1% (83,300) fully furloughed as at 31<sup>st</sup> May 2021. The proportion of furloughed employments that were fully furloughed in Scotland (48.1%) was lower than in England (52.3%) and Northern Ireland (51.9%) but higher than in Wales (45.0%).

Between the start of the time series for Scotland on the 1 July 2020 and 1 November 2020 there was a downward trend falling from 421,200 on 31 July 2020 to 228,300 on the 30 November 2020. The number of employments on furlough increased again to a peak 393,400 on 19 January 2021, decreasing to 173,100 on 31 May 2021.

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<sup>68</sup> Data as at 14<sup>th</sup> June 2021.

**Table A1:** Employment furloughed over time, Scotland, July 2020 to May 2021

Date	Scotland		UK
	Employments furloughed in Scotland	Take-up Rate (% of eligible employments)	Take-up Rate (% of eligible employments)
31 July 2020	421,200	17%	18%
31 August 2020	286,900	12%	13%
30 September 2020	216,500	9%	9%
31 October 2020	195,200	8%	8%
30 November 2020	228,300	10%	13%
31 December 2020	288,900	12%	14%
31 January 2021	373,000	16%	17%
28 February 2021	368,400	16%	16%
31 March 2021	333,400	14%	15%
30 April 2021	275,700	12%	12%
31 May 2021 <sup>P</sup>	173,100	7%	8%

**Source:** Coronavirus Job Retention Scheme, HMRC

p – data for 31 May 2021 is provisional

The take-up rate of employments furloughed varied across Scotland ranging from 5% to 9%. By Scottish **local authority** (LA), South Ayrshire, Highland, Glasgow and Edinburgh had the highest take-up rates (all 9%).

Looking at the **urban/rural split**, 29% of employees furloughed in Scotland were in LAs classed as rural while 71% were in LAs classed as urban, broadly in line with the proportion of Scottish employment in each area. The take-up rate was 7% in rural LAs and 8% in urban.

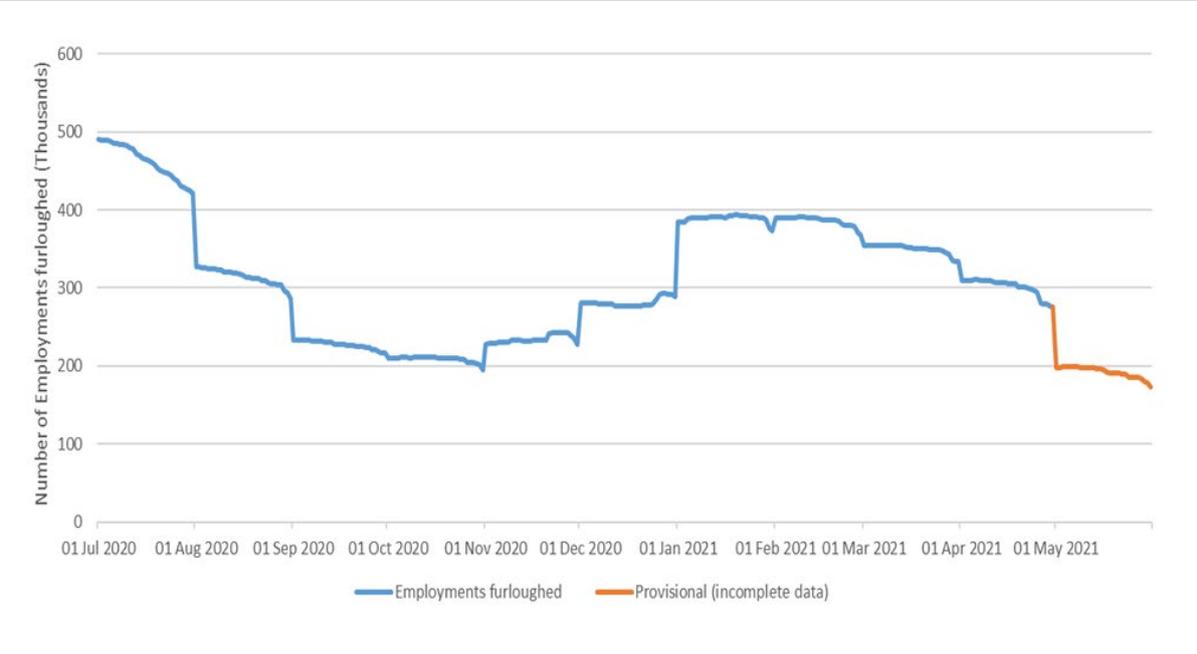
**By sector**, in Scotland, the highest take-up rate was in the Accommodation and food services (32%, 45,900 employments on furlough), followed by Arts, Entertainment and Recreation (27%, 13,000), and Other Service Activities (19%, 7,100). For the UK as whole, the take-up rates were highest in the same sectors. Across all Scottish Local Authorities, the highest number of employments furloughed were in the Accommodation and food services sector.

**By gender**, the take-up rate was slightly higher for men (8%) than women (7%) in the Scotland, whereas take-up rates for men and women were the same for the UK (8%). It is estimated that 86,300 women were in receipt of furlough compared to 86,900 men. Compared with the other UK countries, the take-up rate for women in Scotland (7%) was the same as Wales and Northern Ireland but slightly lower than England (8%).

Data on take-up by **business size** band and age is currently only available at the UK level. By business size band, across the UK a whole, 39% of jobs furloughed were in micro firms, 25% in small, 13% in medium and 23% in large firms.

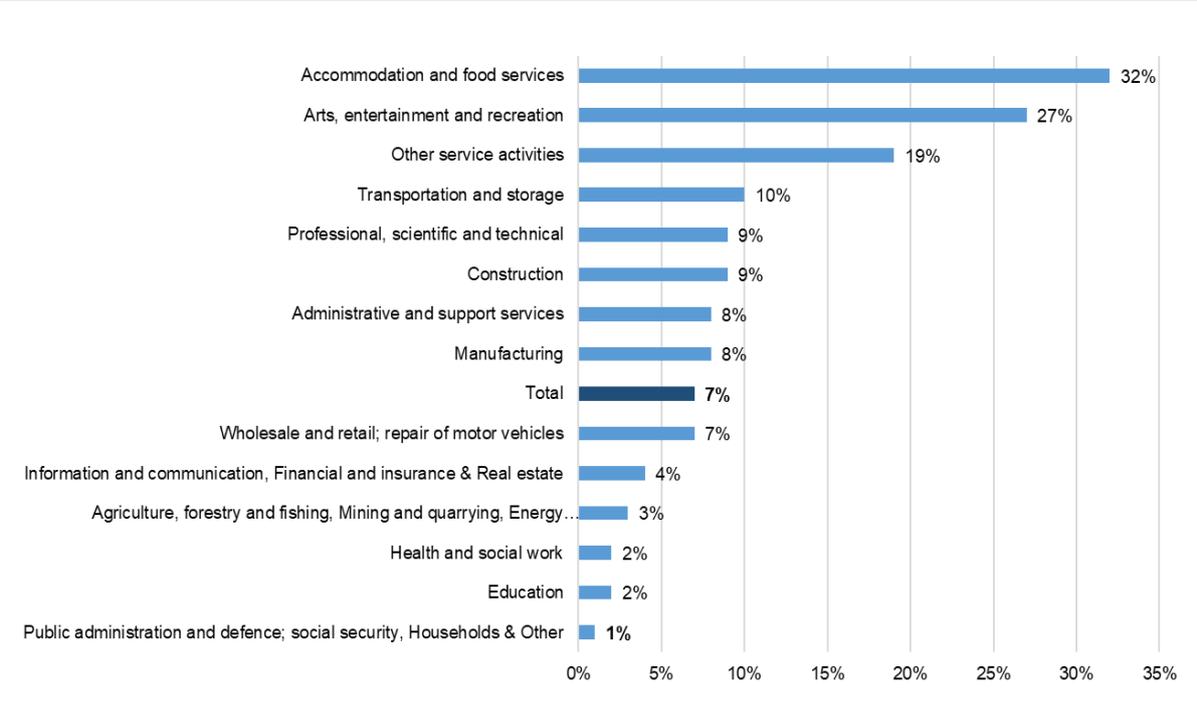
The take-up rate was higher for the younger **age groups** of Under 18 (13%) and 18-24 (10%) year olds compared to the UK average (8%). Those aged 65 and over were also more likely to be on furlough (12% take-up rate).

**Chart A1: Employments furloughed over time, Scotland, July 2020 to May 2021**



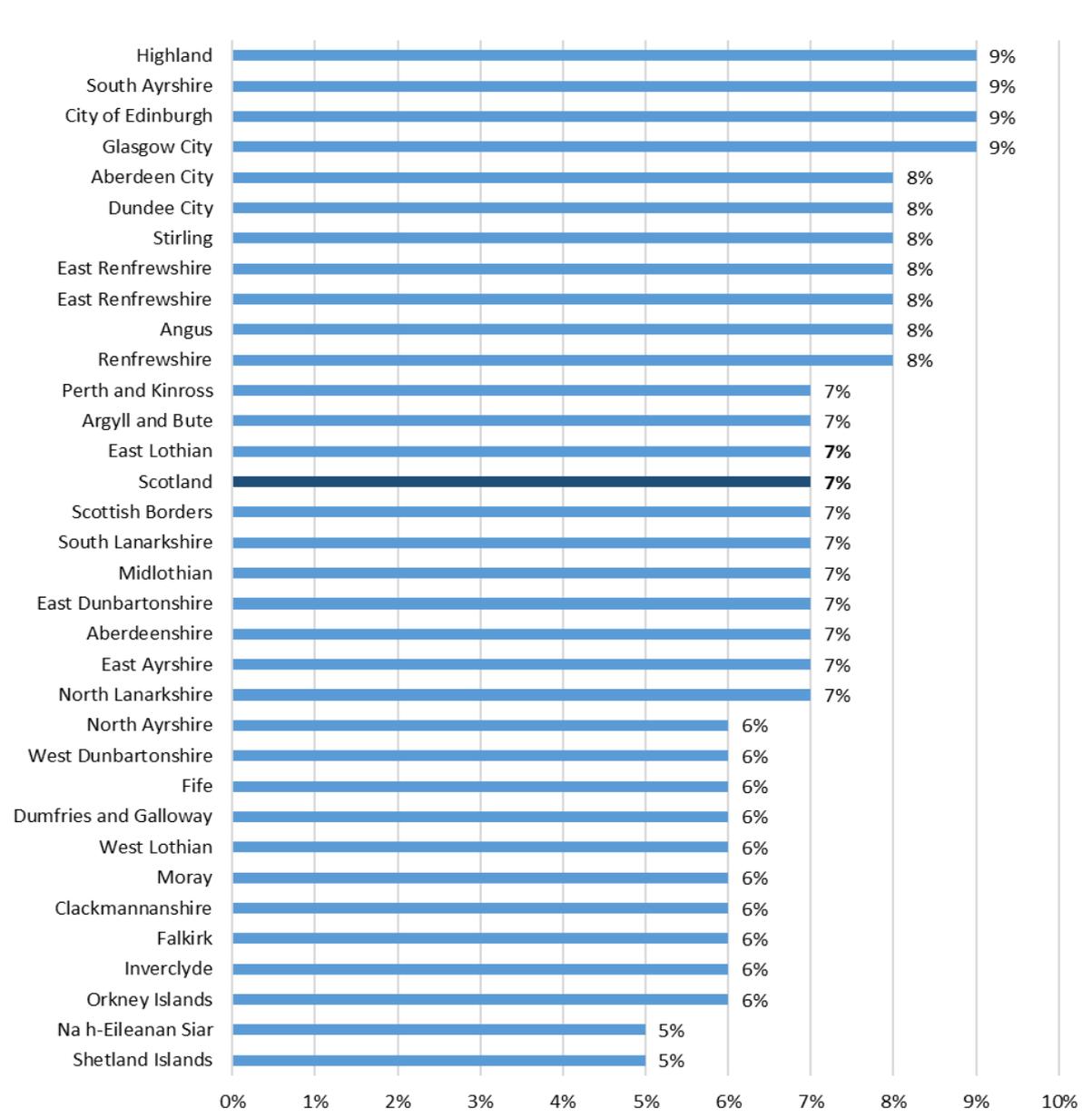
Source: HMRC

**Chart A2: Take-up rate of CJRS in Scotland by Sector**



Source: HMRC , claims as at 31<sup>st</sup> May 2021

**Chart A3: CJRS take-up rate by local authority (share of employment)**



Source: HMRC, claims as at 31<sup>st</sup> May 2021

## Self-Employment Income Support Scheme (SEISS)<sup>69</sup>

- **What is it?** A grant for the self-employed in the UK that have been adversely affected by Covid-19 worth 80% of their average monthly trading profits, paid in a single instalment covering three months' worth of profits, and capped at £7,500. Since its inception there have been four rounds of the SEISS grant. To be eligible, individuals have to earn the majority of their income from self-employment and have to earn less than £50,000.
- **Value:** £1.5 billion in Scotland.
- **Take-up:** 553,000 self-employed individuals supported in Scotland
- **Status:** First four grants now closed. Fifth grant open for claims from late July 2021.

Statistics for Scotland show that across the four grants up to 6<sup>th</sup> June 2021, 553,000 claims have been made and £1.5 billion has been paid in SEISS grants in total. 174,000 unique individuals have received a grant to date.

The statistics below relate to claims to the fourth SEISS grant made up to 9th May 2021:

In Scotland, 120,000 out of an eligible 207,000 self-employed individuals made a claim in the fourth round of SEISS, representing a 58% take-up rate, in line with the UK as a whole. The total value of claims was £337 million with the average claim value being £2,800 (the same as the UK). Scotland accounted for 6% of all UK claims (1.95 million), reflecting the relatively lower level of self-employment in Scotland.

**By local authority**, the highest take-up rate was in West Dunbartonshire (68%), North Lanarkshire and Glasgow (both 65%) and the lowest was recorded in Orkney Islands (35%). Total value of claims were highest in Glasgow City (£36.7 million) and the City of Edinburgh (£34.4 million). The average claim value ranged from £2,500 in Dundee City and Inverclyde to £3,300 for the Shetland Islands.

**By urban/rural** classification, the take-up rate in LAs classed as rural (51%) was lower than that in LAs classed as urban (62%). 33% of claims in Scotland were in LAs classed as rural while 67% were in LAs classed as urban.

**By sector**, the highest take-up rate was highest in the Other service activities (includes hairdressing, beauty) (76%) and Transport and Storage (75%) sectors and the lowest was in Agriculture, forestry and fishing (21%). Construction received the greatest proportion of the total value of claims in Scotland (32%).

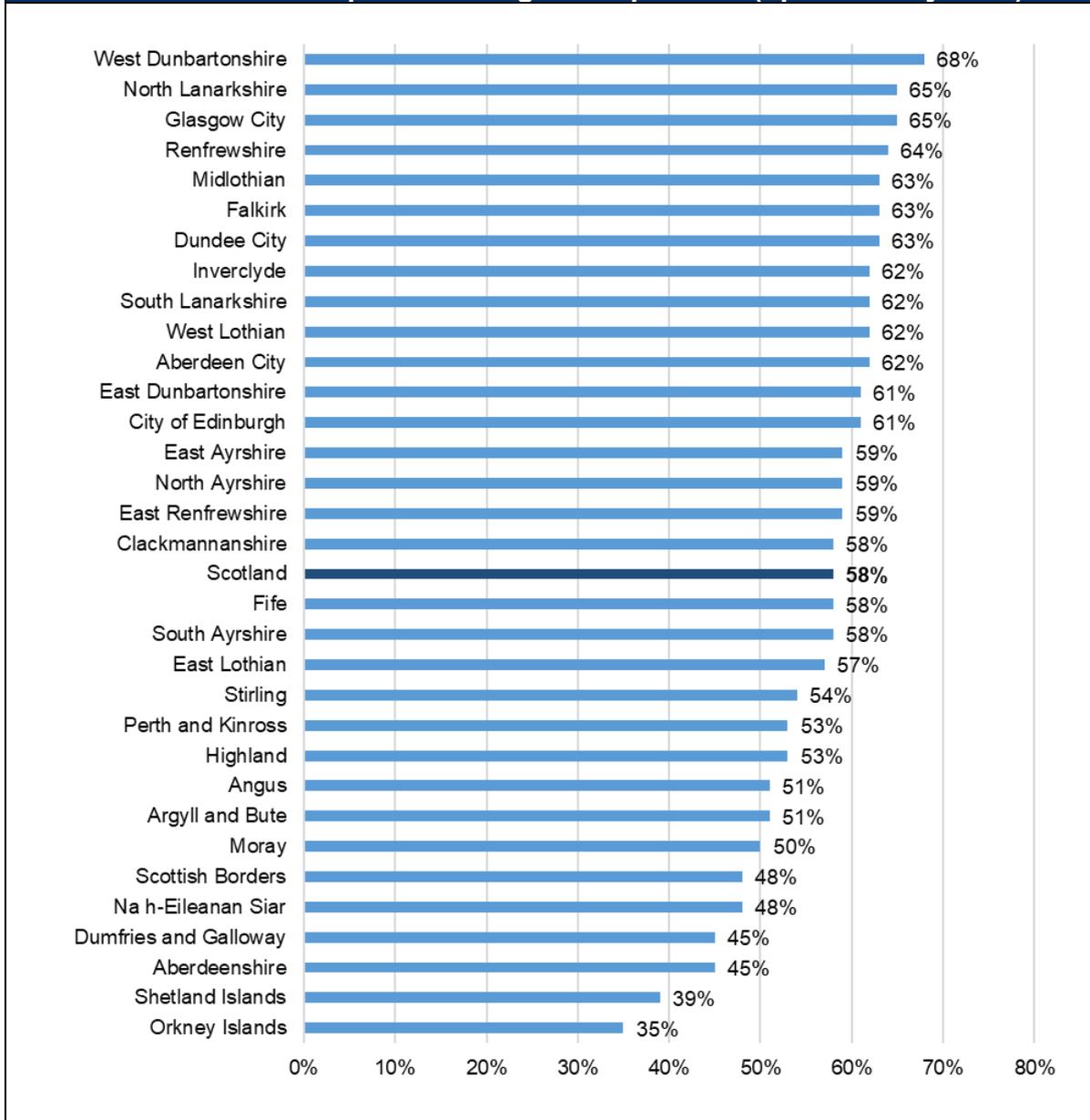
**By gender**, a slightly lower proportion of eligible females claimed (56%) compared to males (59%). The average claim for females was also lower at £2,300 compared to £3,100 for males. For both men and women, the value of claims was lowest for young workers (16-24 years) and the take-up rate was lowest for those aged 65 and over. For men, the take-up rate was highest for 35-44 year olds (63%) and for women the take-up rate was highest for 25-34 and 35-44 year olds (both 59%). The

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<sup>69</sup> Data as of 9 May 2021.

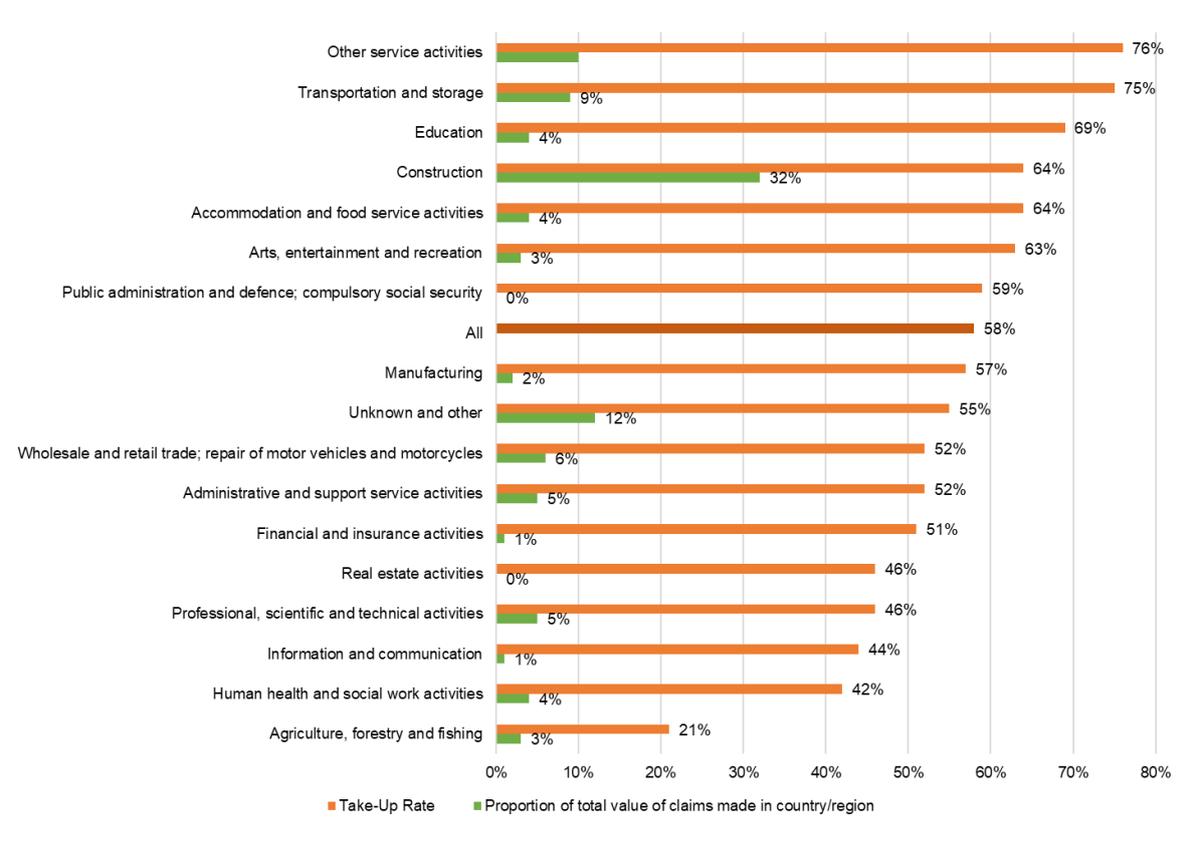
average value of claims made by men was highest in the 35-44, 45-54 and 65+ age groups (£3,200) while the average value of claims made by women was highest for 65 years and above (£2,900).

**Chart A4: SEISS Take-up Rate of Eligible Population (up to 9<sup>th</sup> May 2021)**



Source: HMRC

**Chart A5: SEISS Take-up and share of total value by sector**



Source: HMRC

## UK Government Loan Schemes<sup>70</sup>

- **What is it?** Loans and other finance facilities (including overdrafts, invoice and asset finance) designed to support UK businesses that are losing revenue and seeing their cash flow disrupted as a result of COVID-19. They comprise:
  - (a) Bounce Back Loan Scheme (BBLs)** – loans for SMEs requiring between £2,000 and 25% of their turnover, to a maximum of £50,000. UK Government guarantees 100% of the finance to the lender and pays interest and any fees for the first 12 months. Fixed interest rate of 2.5% thereafter. Businesses had the opportunity to top up existing loans to maximum amount and convert to BBLs from CBILs/CLBILs/CCFF once it opened.
  - (b) Coronavirus Business Interruption Loan Scheme (CBILs)** – for smaller businesses (with annual turnover up to £45m) requiring up to £5m in finance. UK Government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months. Interest thereafter varies by lender.
  - (c) Coronavirus Large Business Interruption Loan Scheme (CLBILs)** – for larger businesses (annual turnover over £45m) requiring up to £200m in finance. UK Government guarantees 80% of the finance to the lender. Interest thereafter varies by lender. (Data for Scotland not available)
- **Value:** £79.31 billion across UK
- **Take-up:** 1,670,939 businesses supported across UK
- **Status:** Schemes closed 31 March 2021.

Take-up (number of approved loans) and value data for Scotland is available for CBILs and BBLs, but is not yet available for CLBILs due to data protection and commercial considerations. It is unclear if or when disaggregated CLBILs data for Scotland will become available.

Data on application success rates for each scheme is available only for the UK as a whole<sup>71</sup>. Success rates for businesses across the UK as a whole vary considerably across the three schemes, with BBLs having a significantly higher application success rate (74%) than CBILs (44%) or CLBILs (65%). (Table A2)

BBLs was the most popular of the three schemes, accounting for 89% of the total number of applications across the UK, reflecting its eligibility to SMEs which account for the majority of businesses in the UK. It also provided the greatest proportion of support of all three schemes, accounting for 93% of the total number of approvals and 60% of the total value of approvals across all three schemes.

CLBILs accounted for just 0.05% of applications and 0.05% of approvals across all three schemes, reflecting its eligibility to businesses with turnover above £45m which account for just 2% of registered employers in Scotland and 1% across the UK as a whole.

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<sup>70</sup> Data as at 10 January 2021 for Scotland data and 31 May 2021 for UK as a whole.

<sup>71</sup> Data on the number of applications from Scottish firms is not available.

**Table A2: Summary Data UKG Loan Schemes, UK, as at 31 May 2021**

	BBLs	CBILs	CLBILs	Total
Number of formal applications	2,094,858	251,342	1,152	2,347,352
Number of approvals	1,560,309	109,877	753	1,670,939
Value of approvals (£bn)	£47.36	£26.39	£5.56	£79.31
Application success rate	74%	44%	65%	-
Average (mean) loan amount (£m)	£0.030	£0.240	£7.384	-
Proportion of total number of applications	89%	11%	0.05%	-
Proportion of total number of approvals	93%	7%	0.05%	-
Proportion of total approvals value	60%	33%	7%	-

Source: UK Treasury

### (a) Bounce Back Loan Scheme (BBLs)<sup>72</sup>

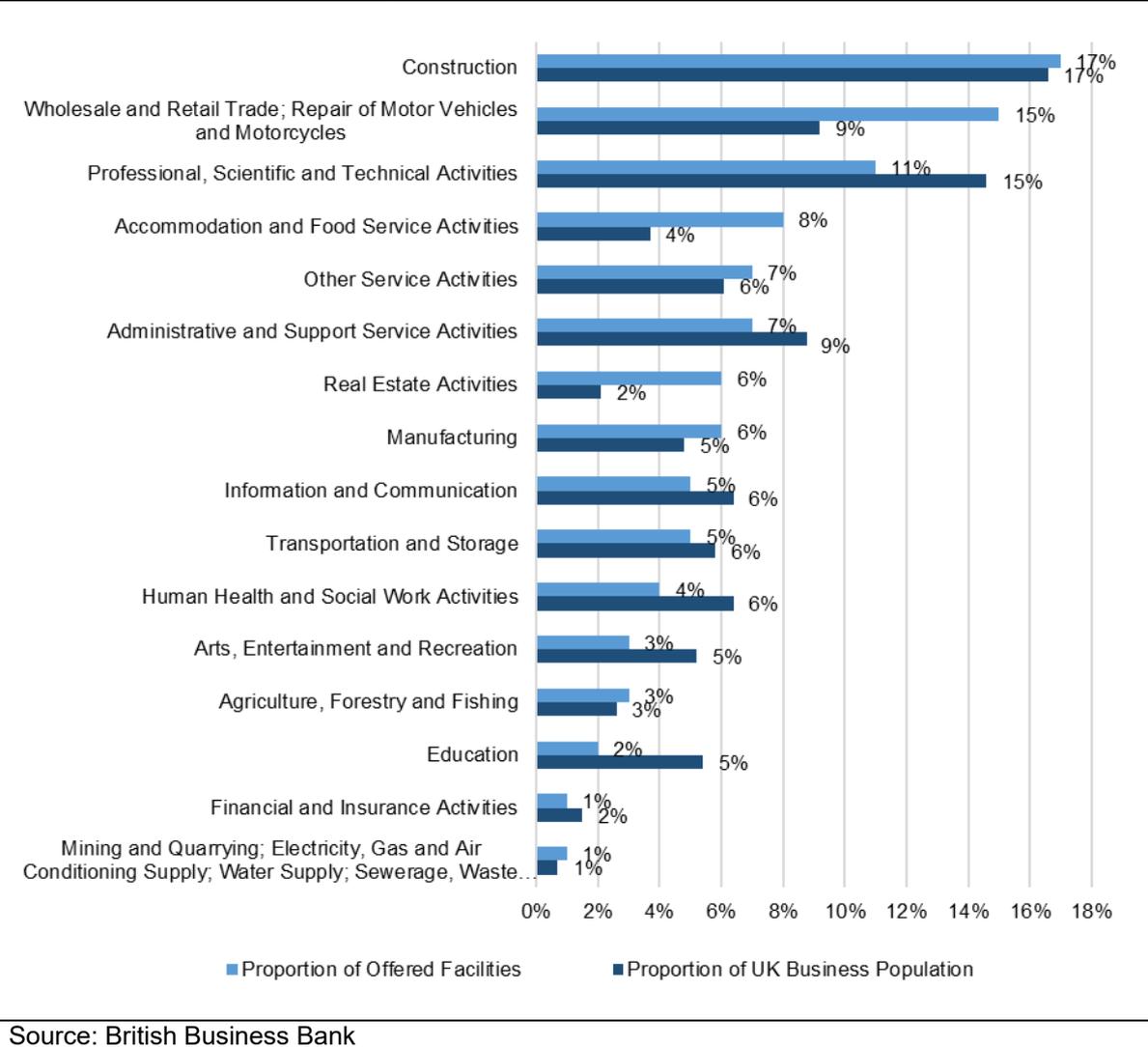
86,062 loans worth £2.496 billion have been offered to businesses in Scotland under BBLs. Scotland's share of value of overall BBLs support (6%) is in line with Scotland's share of the business base (6%). It could therefore be deemed that Scottish businesses have succeeded in securing a fair proportion of these loans, provided by the UK Government.

Data on the number of formal applications is not available for Scotland, therefore it is not possible to calculate the provisional application success rate and compare with the UK as a whole (74%). The average (mean) loan amount for Scotland (£29,000) is broadly in line with the UK as a whole (£30,000).

Data on take-up by sector is available only at the UK level. 'Construction' had the greatest share of BBLs facilities approved (17%), in line with the sector's proportion of the UK business population (17%). This was followed by the 'Wholesale and Retail Trade' sector (15%) which received a greater share of facilities than the sector's proportion of the UK business population (9%). (Chart A6)

<sup>72</sup> Data as at 10 January 2021.

**Chart A6: BBLs take-up by sector, UK**



Source: British Business Bank

**(b) Coronavirus Business Interruption Loan Scheme (CBILS)<sup>73</sup>**

4,144 loans worth £982.517 million have been offered to businesses in Scotland under CBILS. Scotland’s share of value of overall CBILS support (6%) is in line with Scotland’s share of the business base (6%). It could therefore be deemed that Scottish businesses have succeeded in securing a fair proportion of these loans, provided by the UK Government.

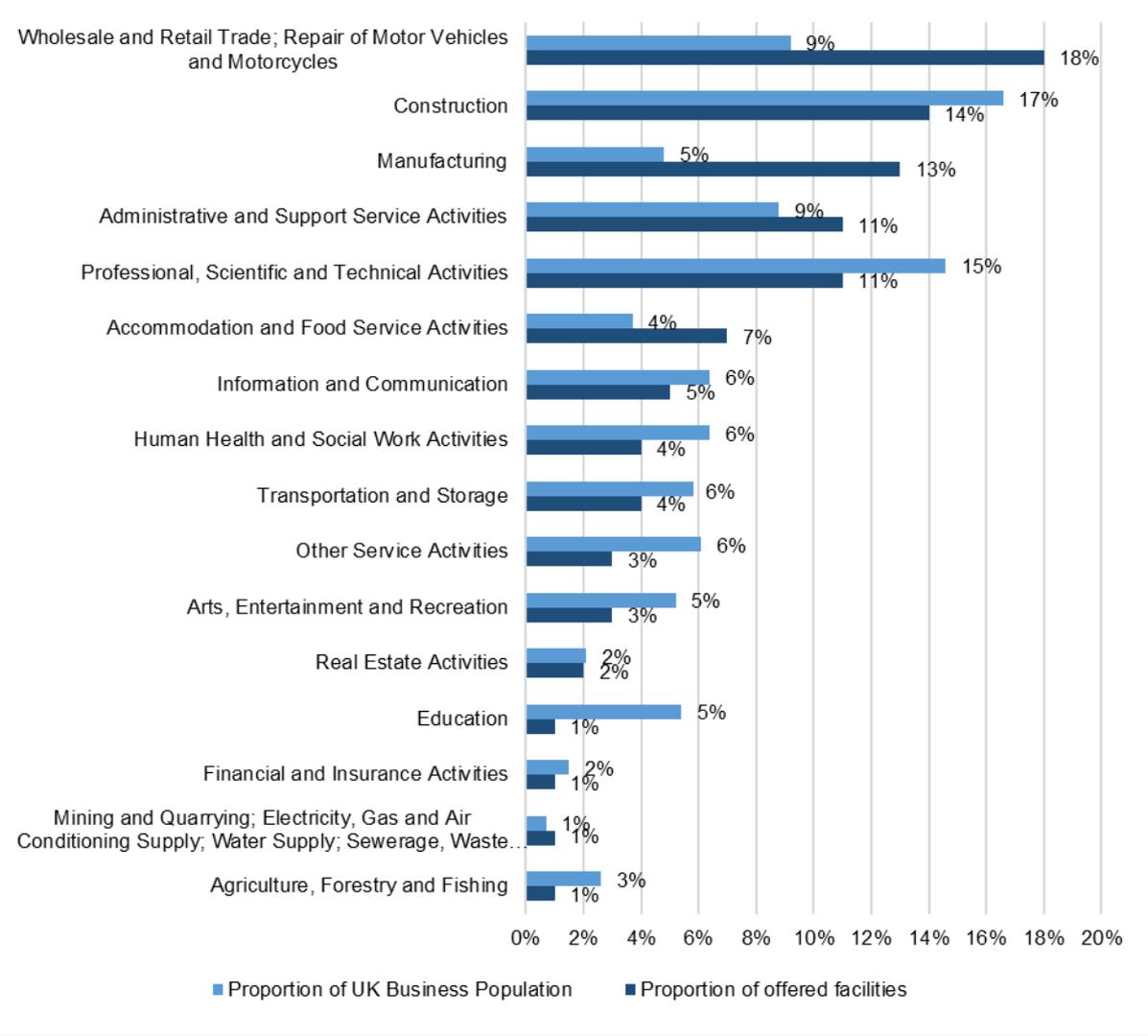
Data on the number of formal applications is not available for Scotland, therefore it is not possible to calculate the provisional application success rate and compare with the UK as a whole (42%). The average (mean) loan amount for Scotland (£237,000) is in line with the UK as a whole.

Data on take-up by sector is available only at the UK level. ‘Wholesale and Retail Trade’ had the greatest share of CBILS facilities approved (18%) despite only representing 9% of the UK business population. This was followed by the

<sup>73</sup> Data as at 10 January 2021.

'Construction' (14%), 'Manufacturing' (13%), and 'Administrative and Support Service Activities' (11%) sectors. (Table A7)

**Chart A7: CBILS take-up by sector, UK**



Source: British Business Bank

## Future Fund<sup>74</sup>

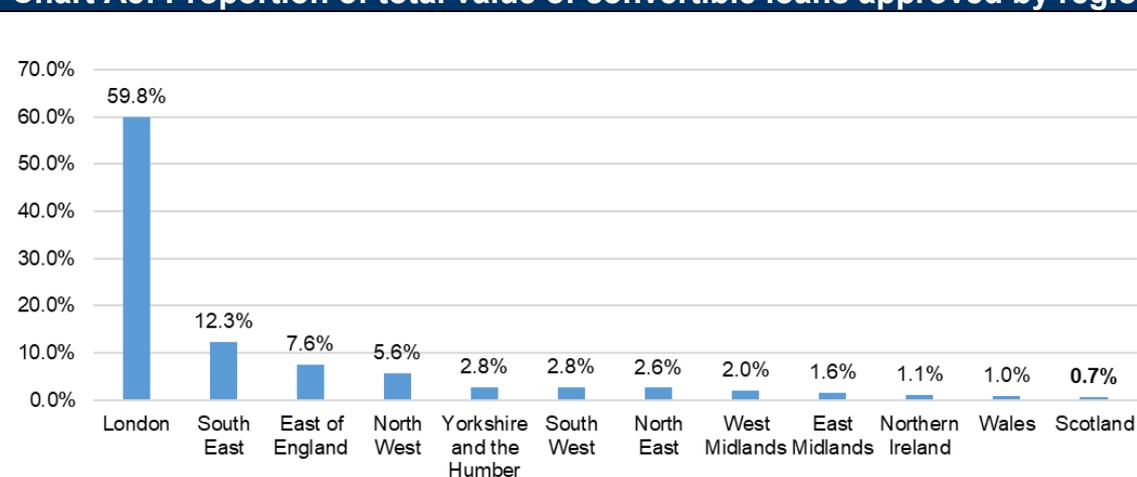
- **What is it?** Convertible loans between £125,000 and £5m for pre-revenue or pre-profit innovative UK businesses that typically rely on equity investment and are affected by the COVID-19 pandemic. Subject to at least equal match funding from private investors.
- **Value:** £8.6 million in Scotland
- **Take-up:** 22 business supported in Scotland
- **Status:** Scheme opened 20 May 2020 and closed 31 January 2021.

In Scotland, 22 convertible loans had been approved as at 21 March 2021, worth £8.6 million, accounting for 0.7% of the UK total by value (£1.2 billion to 1,236 businesses). London accounted for nearly two-thirds (60%) the value and the South East for a further 12%. These proportions are broadly in-line with the wider market trends for the distribution of equity investment across the UK<sup>75</sup>.

The average loan amount was significantly lower in Scotland (£0.39 million) than in the UK as a whole (£0.97 million). Scotland reported the lowest average loan amount and share of total value of loans approved out of all the UK regions.

The application success rate across the UK as whole stood at 52% as at 21 February 2021.

**Chart A8: Proportion of total value of convertible loans approved by region**



Source: HM Treasury

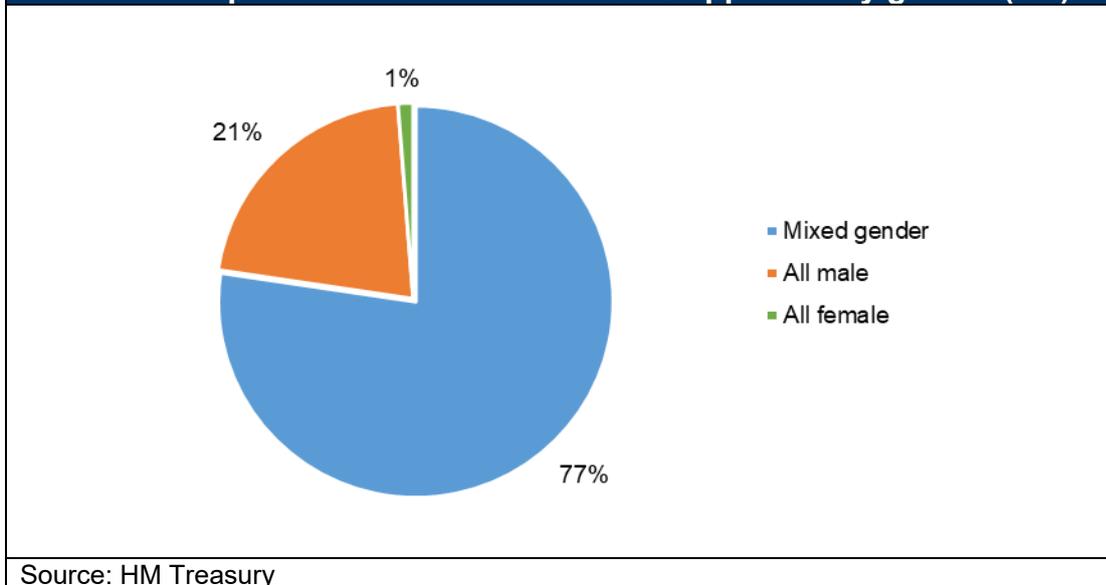
<sup>74</sup> Data as at 21 March 2021.

<sup>75</sup> The latest available figures from the [British Business Bank's Small Business Finance Markets 2021](#) show that for 2020, Scotland received 3% of equity deals in the UK by value and 12% by number of deals. London accounts for a highly concentrated 47% of all deals and 68% of investment value. The report highlights that Scotland's share of investment was proportionate to its share of high growth firms (a proxy for those firms likely to rely most on equity finance).

Data on application success rate and breakdowns by gender and ethnicity of management teams is only available at the UK level.

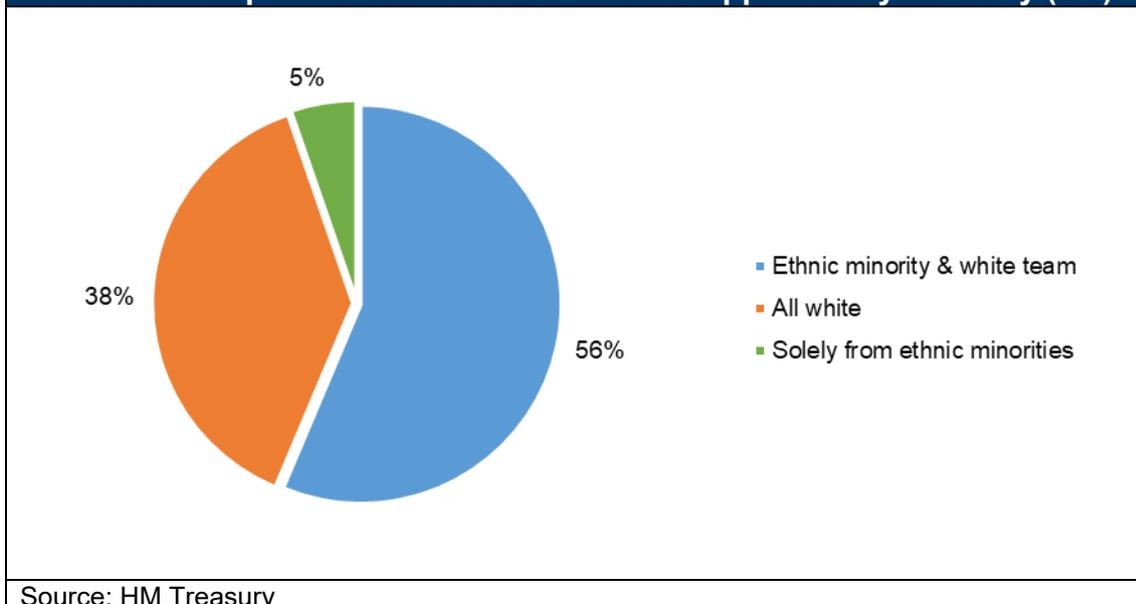
77% of the total value of loans approved in the UK as a whole went to companies with mixed gender management teams. Only 1% of funding went to all female management team businesses (Chart A9). For context, in 2019, 15% of small to medium-sized enterprises in the UK were women-led.

**Chart A9: Proportion of total value of loans approved by gender (UK)**



56% went to businesses with mixed ethnicity management teams, 38% went to all White management team businesses and 5% went to sole ethnic minority management team businesses. (Chart A10)

**Chart A10: Proportion of total value of loans approved by ethnicity (UK)**



## COVID Corporate Financing Facility (CCFF)<sup>76</sup>

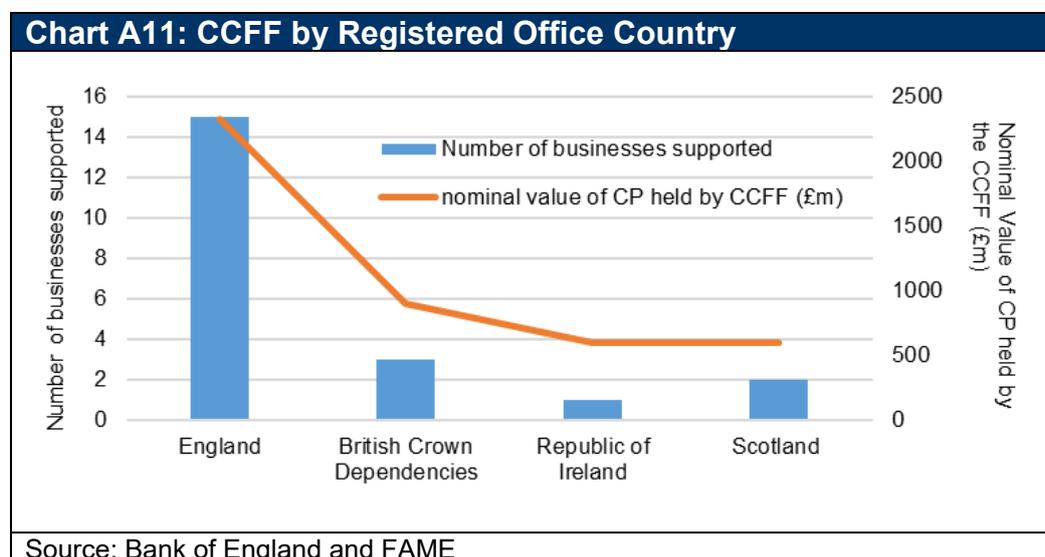
- **What is it?** Designed to support liquidity among larger UK firms, helping them to bridge coronavirus disruption to their cash flows through the purchase of short-term debt in the form of commercial paper (CP).
- **Value:** £600 million of CP, net of redemptions, purchased in Scotland
- **Take-up:** 2 businesses in Scotland have outstanding CP under the scheme.
- **Status:** Scheme closed to new applications on 31 December 2020.

As at 30 June 2021, 21 businesses across the UK had issued CP under the scheme. In total, the value of CP held by the CCFF for the 21 businesses stood at £4,408 billion. The value of CP for each business ranged from £5 million to £600 million, with an average of £211 million across all 21 businesses.

A list of the businesses supported by the scheme is publically available. OCEA have matched the list of businesses as at 30 June to the FAME database to determine the sector and country where they are registered.

Just two of the businesses (First Group plc and Stagecoach Group plc), both of which are in the transportation and storage sector, were registered in Scotland. The value of CP held by the CCFF for these two businesses was £600m (£300m each), accounting for 14% of the UK total by value of CP.

The majority (71%) of business supported by the scheme were registered in England and accounted for 53% of the value of CP held by the scheme (Chart A11).



<sup>76</sup> Data as at 30 June 2021.

## Eat Out to Help Out Scheme<sup>77</sup>

- **What is it?** Scheme enabled restaurants, cafés, pubs and other eligible establishments such as workplace and school canteens to offer a discount to customers dining in their outlet and obtain a reimbursement from HMRC for the same amount. The scheme offered a 50% discount on the purchase of food and non-alcoholic drinks bought to eat in, up to a maximum of £10 per person. The discount did not apply to takeaway food. The discount was available all day every Monday, Tuesday and Wednesday between 3 and 31 August.
- **Value:** £42.195 million discount claimed in Scotland.
- **Take-up:** 4,775 restaurant establishments claimed.
- **Status:** Scheme closed 31st August 2020.

In Scotland, the total amount of discount claimed through the scheme was £42.915 million, accounting for 7% of the UK total by value (£611.67 million). 4,775 restaurants with less than 25 outlets participated in the scheme in Scotland claiming a total of 7,235,000 meals.

The majority (84.3%) of participating outlets were located in England. The remaining outlets were split between Scotland (8.0%), Wales (4.5%), and Northern Ireland (3.0%). These proportions are not significantly different from the share of the population in each country.

The average amount claimed per outlet in Scotland was £9,000, slightly lower than the UK average of £10,198. The average discount per meal was, however, slightly higher in Scotland than the UK (£5.93 vs £5.74).

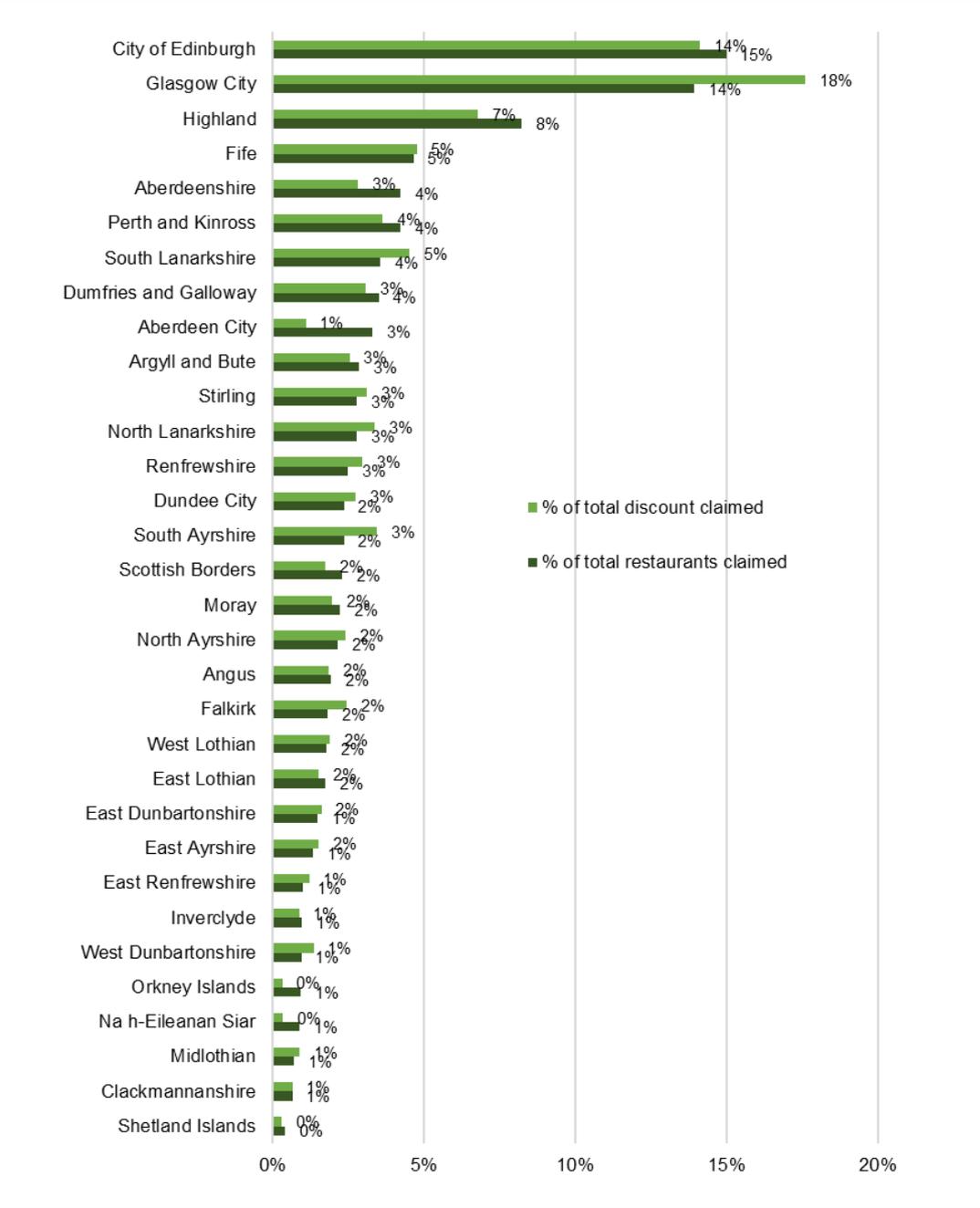
By **local authority**, Edinburgh had the greatest share of restaurants making claims under the scheme in Scotland for which data were available (15%). However, Glasgow had the largest share of meals claimed for (17%) and share of discount claimed (18%) for the scheme in Scotland. In terms of numbers of meals claimed for, Glasgow ranked 7th of 379 UK Local Authorities, while Edinburgh ranked 11th. South Ayrshire (£13,100) and West Dunbartonshire (£12,800) reported the highest average amount claimed per outlet while Aberdeen City (£3,000) reported the lowest. By average discount per meal, Argyll and Bute (£6.86) and City of Edinburgh (£6.70) reported the highest while West Lothian (£4.59) had the lowest.

By **parliamentary constituency**, Glasgow Central (8%) had the greatest share of restaurants participating in the scheme in Scotland with 382 restaurants claiming 0.7 million meals. This was followed by Edinburgh North and Leith (5.5%, 265 restaurants, 0.3m meals). By share of amount of discount claimed, Glasgow Central (11%) had the greatest share with a total of £4.8 million discount claimed. This was also followed by Edinburgh North and Leith (5%, £2.2m). The average discount per meal was highest in Aberdeen South at £7.69 compared to an average of £5.93 for Scotland. Average discount per meal was lowest in Aberdeen North at £3.39.

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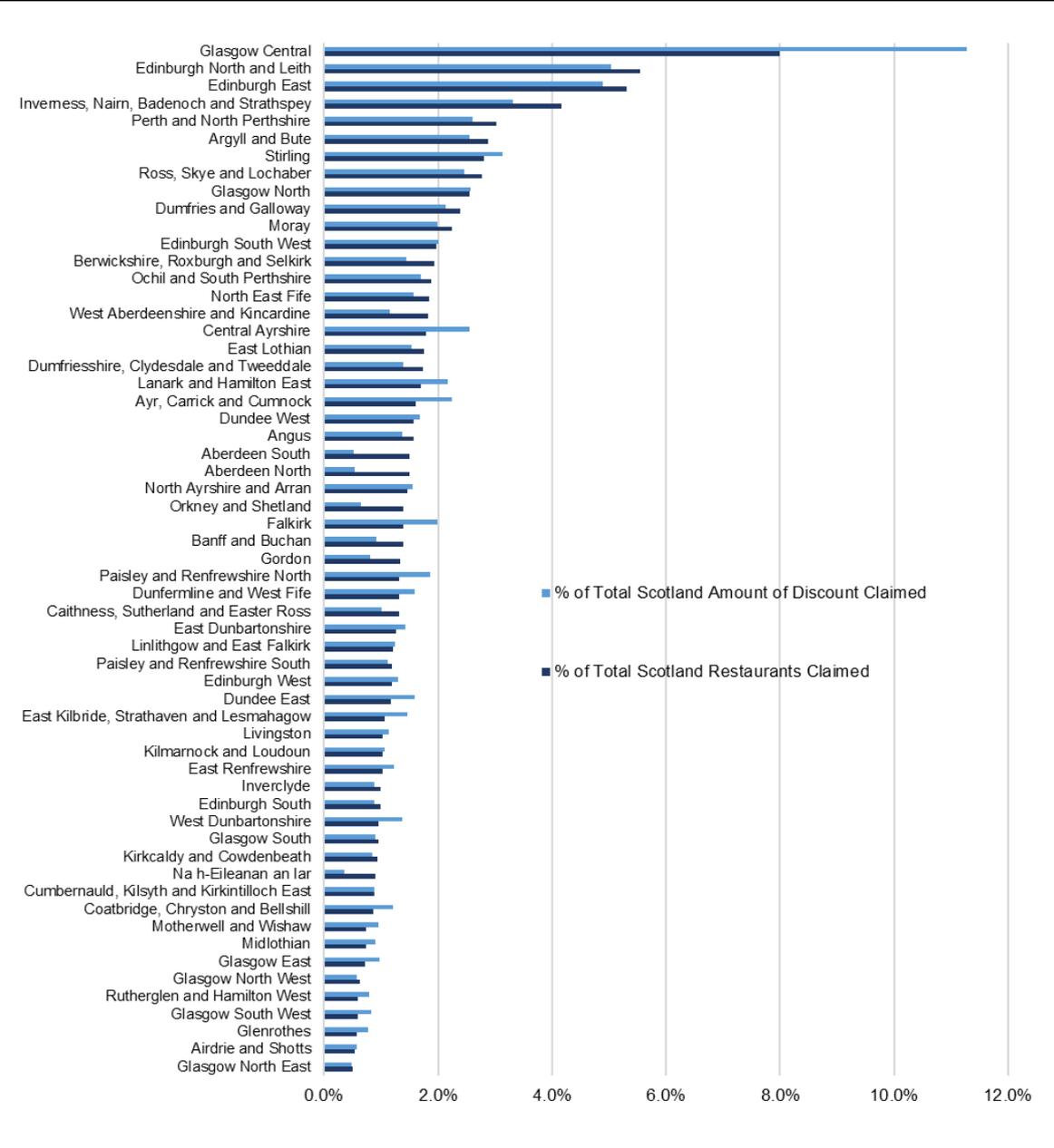
<sup>77</sup> Final data for claims in businesses with 25 or fewer participating outlets (businesses with 25+ outlets were not required to provide individual locations of these outlets). This accounts for roughly 23% of the total number of outlets that participated in the scheme in the UK.

**Chart A12: EOTH0 share of restaurants and discount claimed by LA**



Source: HMRC

**Chart A13: EOTH0 share of restaurants and discount claimed by PC**



Source: HMRC

## ii. Scottish Local Authority and Enterprise Agency Schemes (non-sector specific)

### Business Support Fund Grants<sup>78</sup>

- **What is it?** Grants available to non-domestic ratepayers (NDR) in Scotland to help mitigate the impact of COVID-19 comprising: £10,000 Small Business Grant (SBG) available to ratepayers in all sectors as well as non-ratepayers who lease shared commercial space; £25,000 Retail, Hospitality and Leisure (RHL) grant. Rate payers eligible for 75% of the full amount on each subsequent property.
- **Value:** £1,019.53 million paid out
- **Take-up:** 91,258 grants awarded
- **Status:** Schemes closed 10 July.

91,258 grants had been awarded out of 106,662 applications, an award rate (grants awarded as a percentage of total applications) of 86%<sup>79</sup>. The total value of grants awarded stood at £1,019.53 million.

15,958 applications are reported to have been Rejected, Referred or Deferred (RRD). A vast majority of these are rejections of ineligible applications, while a very small number are referrals where the LA has asked the applicant for further supporting information or are waiting for the Assessor to make a decision relating to the property. Awards taken together with RRD mean that effectively all applications have been processed in some form. In addition, there is a small number of appealed cases, in which applicants have appealed either against a rejection, or against the amount awarded.

Of the 91,258 grants awarded, 80,708 (88%) were for the SBG, 9,151 (10%) were for the RHL and 1,399 (2%) were for non-NDR tenants. By value, (£785.0m) 77% was distributed via the SBG, (£220.5m) 22% via the RHL and (£12.9m) 1% through non-NDR tenants.

**By sector** grouping, it is estimated that 52,017 businesses in the retail sector received grants worth £581.1m. 29,533 awards were given to businesses in hospitality worth £266.9m and 9,126 awards to leisure businesses worth £102.0m.

**By local authority**, Fife (94%), East Lothian (91%) and East Dunbartonshire (90%) had the highest award rates while Perth and Kinross (75%) had the lowest (Chart A14). The geographical spread across LAs of grants awarded from the three grants together was broadly in line with the distribution of registered private sector businesses across Scotland's LAs (see [Annex 4](#)). Glasgow received the highest proportion by value (12% of the total) and number (12%), in line with its share of Scotland's registered private sector businesses (12%).

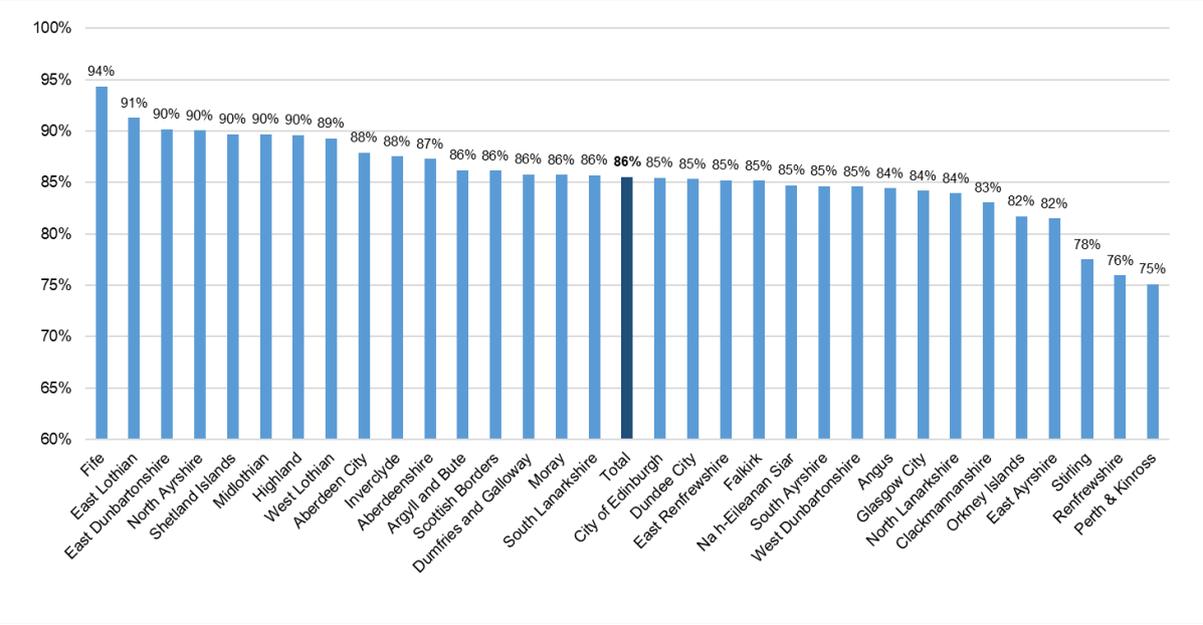
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<sup>78</sup> Finalised data.

<sup>79</sup> It should be noted that the award rate may be skewed by a number of factors including: instances where an ineligible applicant has applied and was rejected; where a fraudulent application was detected; and where multiple duplicate applications had been submitted.

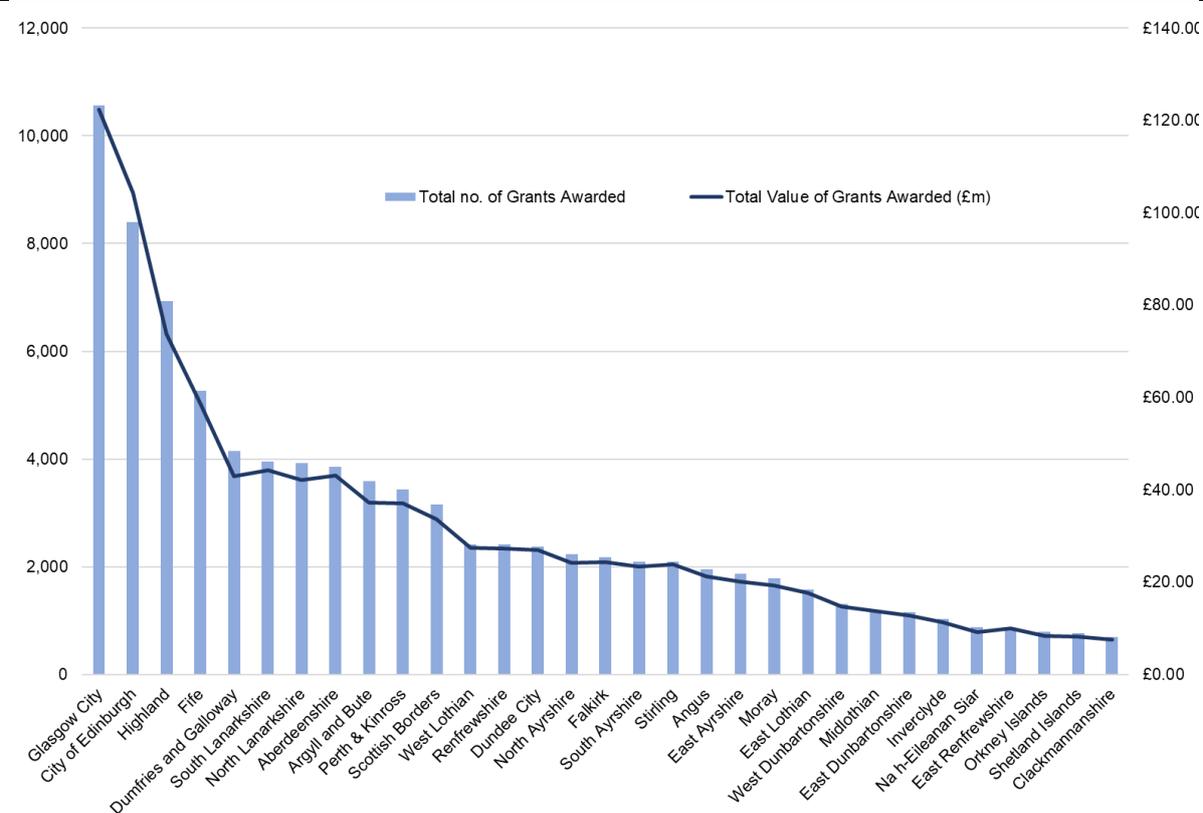
By **urban/rural split**, ratepayers in LAs classed as urban received 61% of grants by value (59% by number) while those in LAs classed as rural received 39% (41% by number). The award rate was found to be similar in LAs classed as urban (84%) and LAs classed as rural (85%).

**Chart A14: Business Support Fund Award Rate by Local Authority**



Source: Scottish Government

**Chart A15: Business Support Fund Successful Grants by Local Authority**



Source: Scottish Government

## Non-Domestic Rates Relief (100% Retail, Hospitality, Leisure and Aviation [RHLA] & 1.6% Universal)

- **What is it?** A non-domestic rates relief to help the ratepayers (occupiers, or owner if no occupier) of certain non-domestic properties, including businesses, deal with the impact of coronavirus. The discounts include: 1.6% universal relief for on all non-domestic properties in Scotland effectively reversing the annual poundage increase; 100% relief for properties in the retail, hospitality and leisure (RHL) sectors, 100% relief for specified airports and other aviation-related subjects; and leniency towards requests for NDR payment deferrals by councils.
- **Value:** £965 million in 2020-21, as at 1 July 2020.
- **Take-up:** 250,940 properties as at 1 July 2020.
- **Status:** The 1.6% rates relief was available to non-domestic properties from 1 April 2020 to 31 March 2021. 100% rates relief will be available to retail, hospitality, leisure and eligible aviation businesses until at least 31 March 2022.

An estimated £965 million of NDR income was forgone in 2020-21 through both non-domestic rates relief measures (100% RHLA relief and 1.6% universal relief awarded to all properties). 28,400 properties have been supported through the RHL relief while all 250,940 received the 1.6% universal relief. NDR reliefs are administered by local authorities, meaning that the Scottish Government doesn't have data on applications. In 2020-21 both reliefs were automatically awarded, removing the need for applications to be made at all.

The statistics below relate to relief up to 1<sup>st</sup> July 2020:

The **1.6% universal relief** was automatically made available to all properties in Scotland. The total value of the 1.6% universal relief as at 1 July 2020 was £61m, awarded to all 250,940 properties in Scotland. 174,730 of these were properties receiving a total of 100% relief, 11,870 received a relief other than the 1.6% universal relief but less than 100% total relief, while the remaining 64,350 received only this relief. A total of 76,220 properties therefore saw a net benefit of £34.4m from the 1.6% universal relief, of which properties receiving no other reliefs benefitted by £32.7m, and those receiving another relief but less than 100% in total benefitted by £1.7m

The RHLA relief awards a 100% relief to eligible RHL properties, as well as specified airports and aviation-related subjects. The value of this relief as at 1 July was £904m, awarded to 28,400 properties.

NDR data relates to property types, rather than uses, meaning it is difficult to make sectoral comparisons. However, **by property class**, it is estimated that the majority of rates relief went to shops (£618.6 million) while £122.7m went to hotels, £55m to leisure properties, and £51.4m to public houses and restaurants.

**By local authority**, the proportion of properties on the Valuation Roll receiving RHLA relief ranged between 4% in the Shetland Islands and Na h-Eileanan Siar, to 19% in City of Edinburgh. By value, City of Edinburgh (20%) also seen the greatest share of value followed by Glasgow City (16%). Overall, RHLA relief accounted for 54% of the value of all non-domestic rates reliefs, and for over 60% of the value of all reliefs in

Aberdeen City, Renfrewshire, and the City of Edinburgh. It should be noted that many smaller properties received support through other non-COVID NDR reliefs, such as the Small Business Bonus Scheme relief.

A full breakdown is available in the Non-Domestic Rates Relief Statistics 2020 publication here: [Non-Domestic Rates Relief Statistics 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/non-domestic-rates-relief-statistics-2020/pages/introduction.aspx).

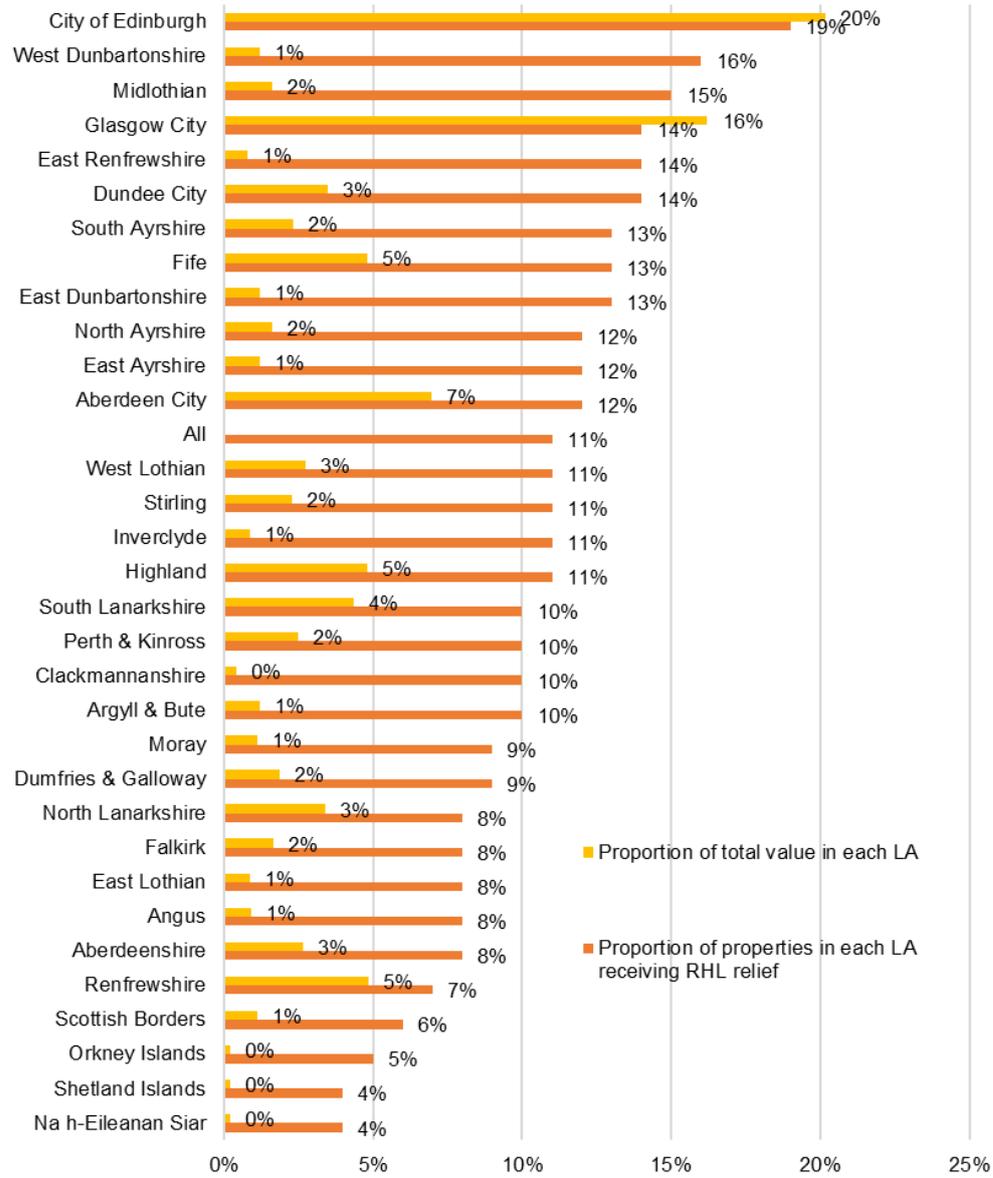
**Table A3: Properties in receipt of Retail, Hospitality and Leisure (RHL) relief as at 1 July 2020, by relief status as at 31 May 2019**

Relief status as at 31 May 2019	All receiving RHL		
	Number of properties	Value of all reliefs as at 31 May 2019 (£m)	Value of all reliefs (incl. 1.6% relief) at 1 July 2020 (£m)
On the Valuation Roll at 31 May 2019 but not receiving any relief	21,190	-	£843.7
Receiving up to 25% total relief at 31 May 2019	2,950	£6	£39
of which SBBS relief	2,360	£3.6	£14.6
of which other relief	590	£2.4	£24.4
Receiving more than 25%, but less than 100% relief at 31 May 2019	1,600	£25.5	£35.4
of which includes charity	880	£17.8	£22
of which includes other reliefs	720	£7.6	£13.5
All properties receiving a higher relief percentage at 1 July 2020 than at 31 May 2019	25,740	£31.5	£918.2
Receiving 100% relief at 31 May 2019	1,820	£18.1	£18.4
of which SBBS relief	1,240	£4	£4.1
of which other relief	570	£14.2	£14.3
All RHL recipients in July 2020 that were on the Valuation Roll at 31 May 2019	27,560	£49.6	£936.7
Not on the Valuation Roll at 31 May 2019	840	-	£11.9
<b>Total RHL recipients as at 1 July 2020</b>	<b>28,400</b>	<b>£49.6</b>	<b>£948.6</b>

Figures may not sum due to rounding.

The relief values are the awards given as at the snapshot date, and do not necessarily reflect the cost of a given award over the full year, for example some reliefs may be awarded later in the year and backdated, while some may have been cancelled before the snapshot date, or may be cancelled before the end of the year.

**Chart A16: Properties in receipt of RHL Relief by Local Authority**



Source: Local Government Statistics

## Strategic Framework Business Fund (SFBF)<sup>80</sup>

- **What is it?** The second core grant scheme that is local authority administered funding that has been made available to businesses affected by the COVID-19 restrictions under the Strategic Framework. The fund provided grants to businesses required to close by law or to significantly change its operations due to COVID-19 restrictions from 2 Nov 2020 (restrictions and closure grants):  
→ **Temporary closure grant** of £2,000 or £3,000 (depending on rateable value for the premises from which businesses operate) if it was required to close by law; or,  
→ **Business restrictions grant** of £1,400 or £2,100 (depending on rateable value for the premises from which businesses operate) if it could remain open but was specifically required to modify its operations by law, for example having to close earlier than normal. This did not include where a demand for products or services had been reduced because of the pandemic.
- **Value:** £344.78 million
- **Take-up:** 47,658 premises
- **Status:** Opened 2<sup>nd</sup> November 2020 and final payment 22<sup>nd</sup> March 2021.

£344,783,237 has been paid out to 47,658 premises under the Strategic Framework Business Fund (SFBF) business restrictions and closure grants (2 November 2020 to 22 March 2021, at scheme close). £419.57 million was allocated to the scheme, therefore 82% of the budget has been spent to date.

69% of the 69,150 premises applying for SFBF were accepted. 30% of applications were rejected, and 1% were either referred or deferred (the remaining less than 1% were still awaiting processing). The most common reason for rejected applications was that the business was in an 'ineligible sector' (53%).

By **local authority**, application success rate was highest in Aberdeenshire and Highland (both 91%) and lowest in Midlothian, Glasgow City and East Ayrshire (all 55%) (Chart A17). The majority of local authorities have disbursed between 60% to 100% of maximum forecast expenditure, for up to 22 March (Chart A18).

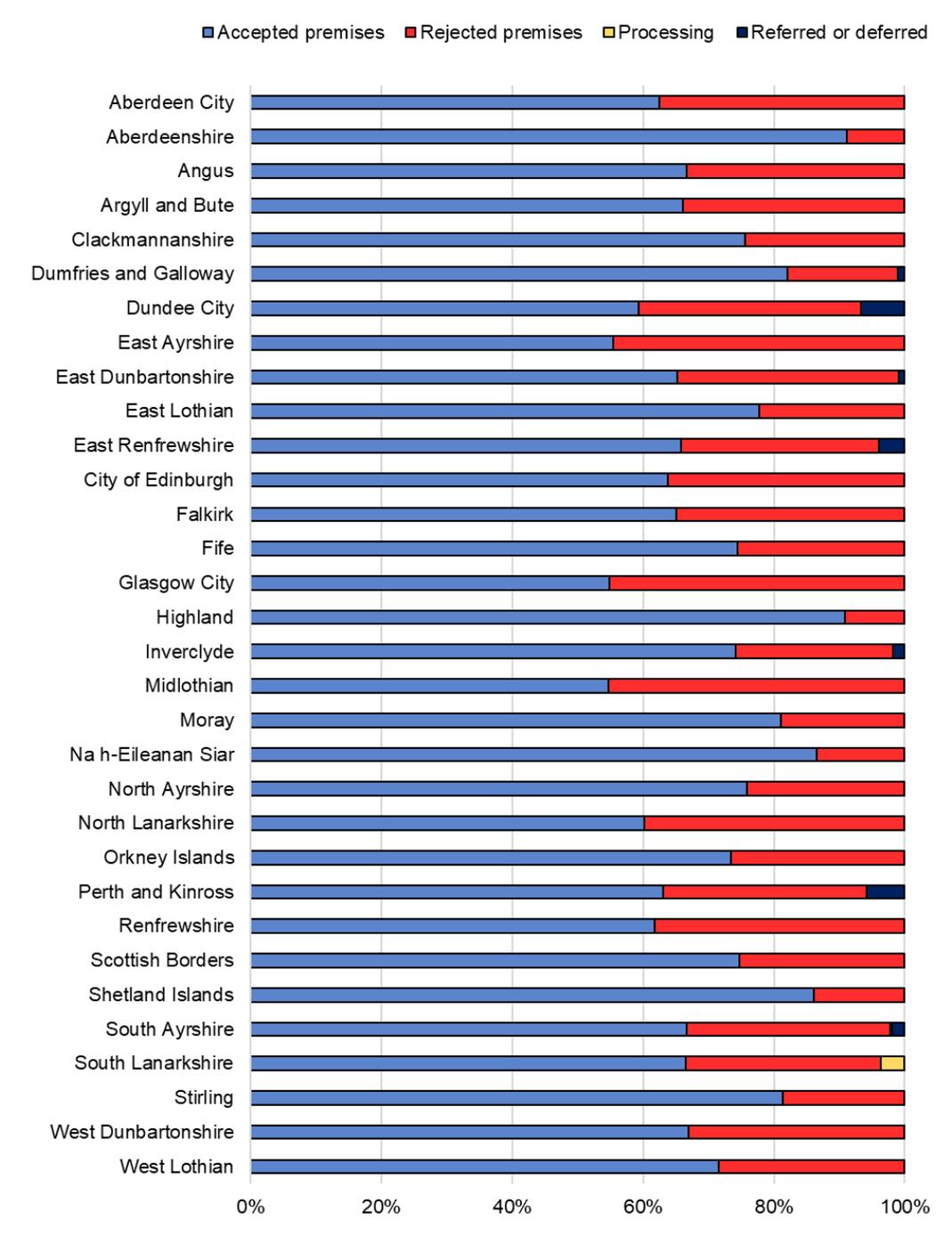
**By size** (in terms of rateable value), 89% of SFBF funds were paid to businesses with rateable value less than £51,000, the remaining 11% being paid to larger businesses.

92% (£318.78 million) of funds were paid out under the temporary closure fund with the remaining 8% (£26.00 million) paid out under the business restrictions fund. This reflects the nature and extent of Level 4 restrictions in place before and since 26 December 2020.

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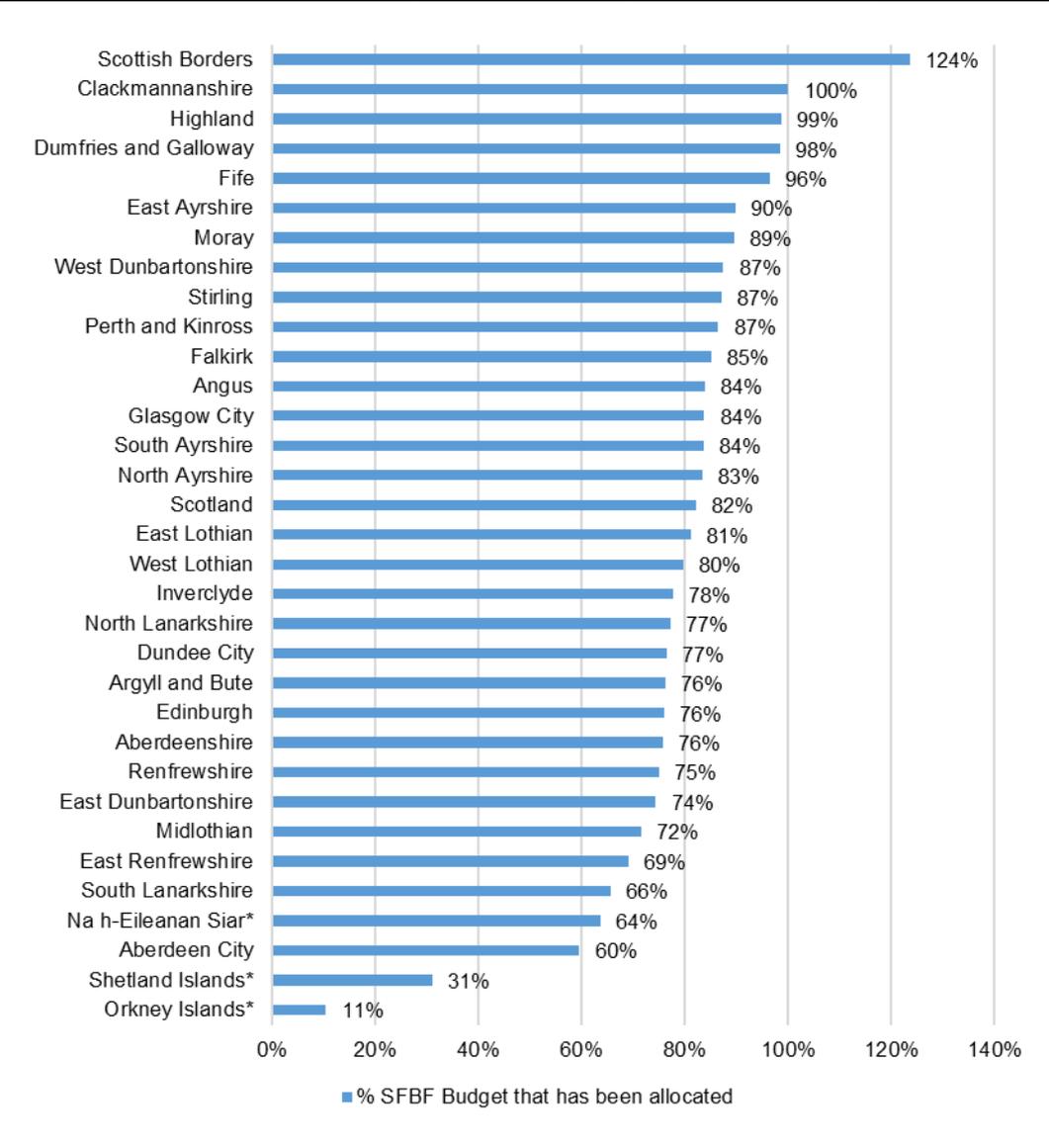
<sup>80</sup> Data as at 25 June 2020.

**Chart A17: SFBF Application Status by Local Authority**



Source: SG

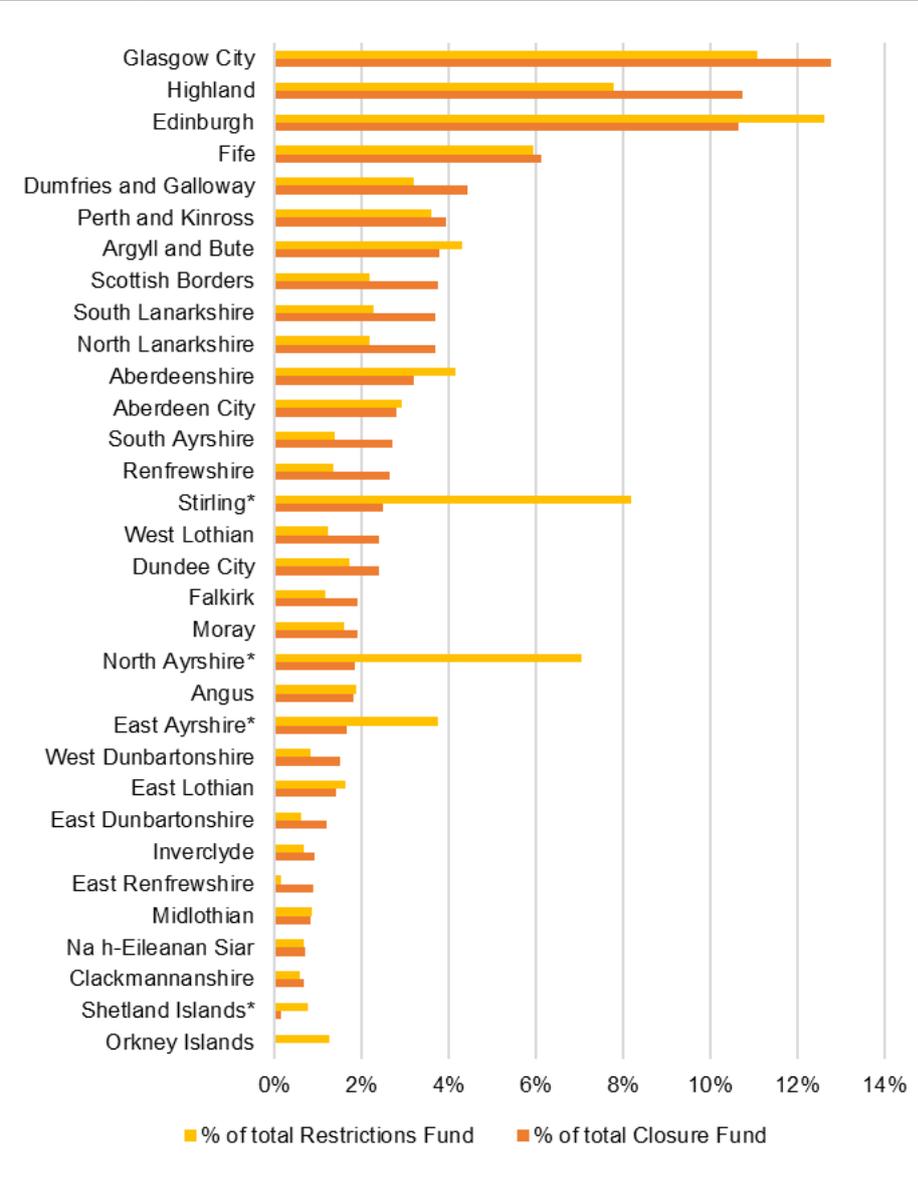
**Chart A18: % of SFBF budget allocated by Local Authority<sup>81</sup>**



Source: SG

<sup>81</sup> \*The budgets for Na h-Eileanan Siar, Orkney and Shetland are indicative of level 4 restrictions, however the regions have typically had lower levels of restrictions and also make payments under the IEP schemes meaning the budget percentages for these regions may not reflect the situation fully.

**Chart A19: % of total value by SFBF scheme by Local Authority<sup>82</sup>**



Source: SG

<sup>82</sup> \* East Ayrshire, North Ayrshire, The Shetland Isles and Stirling have revised the spend between the closure and restrictions grants as part of the reconciliation process.

## Strategic Framework Business Fund Transition Payment and Restart Grant<sup>83</sup>

- **What is it?** On 19 April 2021, all eligible SFBF and Island Equivalent Payment recipients automatically received a combined final transitional payment and one off restart grant to help them reopen.
  - **Non-essential retailer** businesses received a payment of £7,000 (£1,000 transitional payment + £6,000 restart grant) for properties with a rateable value of below £51,000 or a payment of £7,500 (£1,500 transitional payment + £6,000 restart grant) for properties with a rateable value of more than £51,000.
  - **Hospitality and leisure** businesses received a payment of £9,000 (£1,000 transitional payment + £8,000 restart grant) for properties with a rateable value of below £15,000; £13,000 (£1,000 transitional payment + £12,000 restart grant) for properties with a rateable value of between £15,000 and £51,000; or £19,500 (£1,500 transitional payment + £18,000 restart grant) for properties with a rateable value of above £51,001.
  - All premises that received a grant award through any of the three waves of the **Small Accommodation Providers Paying Council Tax Fund** received a one-off grant of £9,000 (£1,000 SFBF equivalent payment + £8,000 restart grant).
- **Value:** £444.82 million (inc. small accommodation payments)
- **Take-up:** 49,222 premises paid
- **Status:** One-off grant on 19<sup>th</sup> April 2021. Now closed.

The Restart Grant and Transitional Payments paid out £431.98 million in Restart grants and transitional payments to premises already in receipt of Strategic Framework Business Fund or Island Equivalent Payments. In addition, Small Accommodation Providers that Pay Council Tax received £12.84 million in Restart grants and transitional payments. Together this totals £444,820,593.

'Non-essential Retail' and 'Hospitality and Leisure' premises previously in receipt of SFBF or IEP were eligible for the Restart Grant. Of those premises estimated to be eligible, 98% were paid. Those premises that were not paid were no longer eligible for various reasons, including where applications had been withdrawn, businesses had closed or relocated. The non-essential retail sector was paid a total of £155,259,143 (21,535 premises) and the Hospitality and Leisure sectors were paid a total of £280,717,450 (26,259 premises). Small accommodations paying council tax were paid a total of £12,844,000 (1,428 premises).

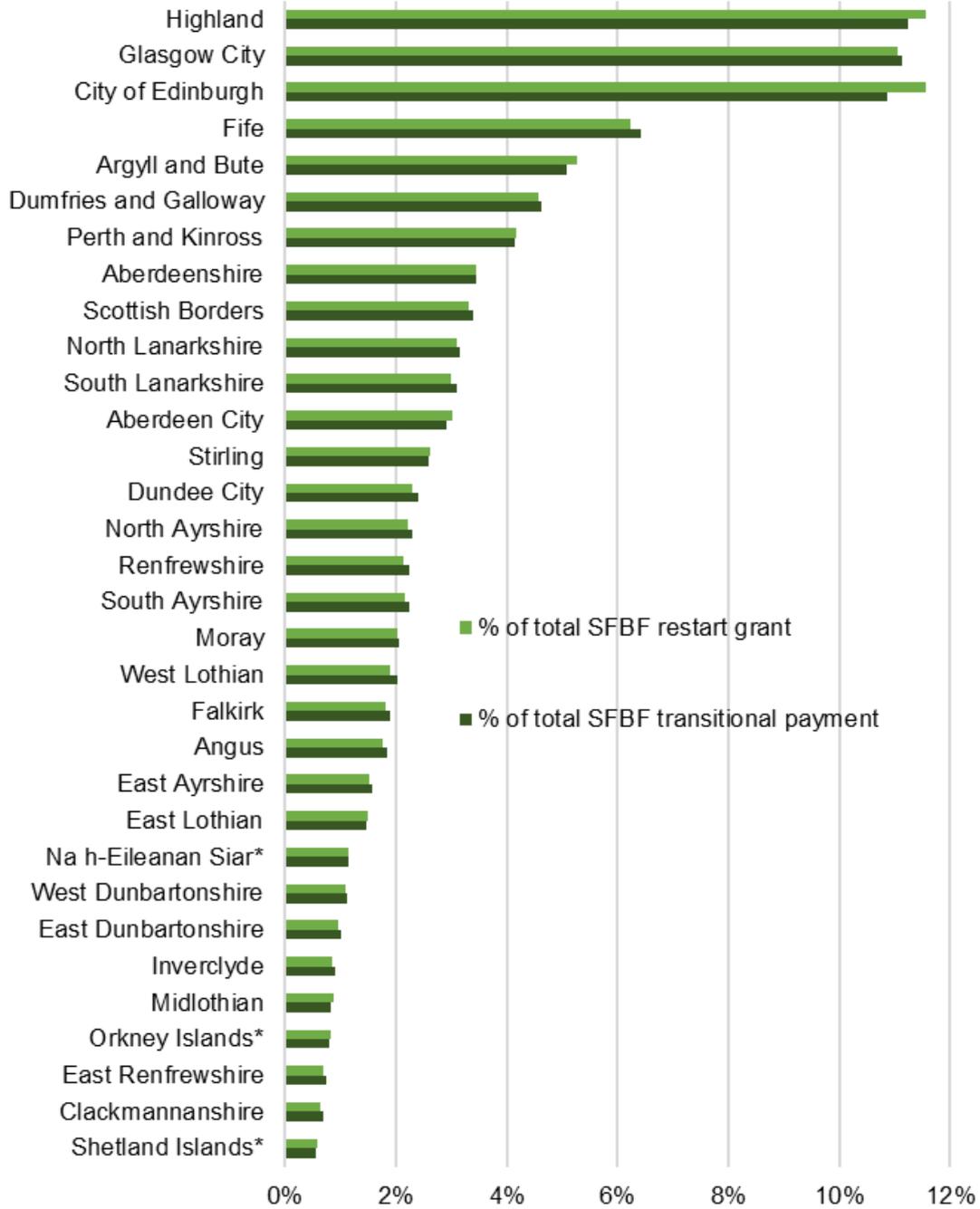
For non-essential retail premises, 95% was paid to smaller businesses (RV less than £51,000), with the remaining 5% going to larger businesses (RV greater than £51,000). For hospitality premises 60% was paid to the smaller premises (RV less than £15,000), 25% was paid to medium premises (between £15,000 and £51,000), and 15% were paid to the larger premises (RV greater than £51,000).

By **local authority**, Highland received the greatest share of the transitional payment (11%) while City of Edinburgh received the greatest share of the restart grant (12%) (Chart A20). Shetland Islands received the lowest share for both funds.

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<sup>83</sup> Data as at 25 June 2021.

**Chart A20: % of total value by SFBF transitional payment and restart grant by LA**



Source: SG

## COVID-19 Local Restrictions Fund

- **What is it?** In recognition of the changes to dates originally set out in the Strategic Framework, SG provided additional support for businesses in local authorities which had been subject to restrictions for a longer period of time. Only businesses that previously received financial support through the SFBF were eligible for a grant through these schemes.
  - **Moray Localised Restrictions Fund** - For the period from 17 May, additional support was provided to specific businesses in Moray while they remained in Level 3. A one off grant of up to £1,500 was provided for sectors that remained closed and up to £1,050 for businesses that required to modify their operations. Hospitality and tourism businesses were also eligible for a one-off grant of up to £1,000 in recognition of the impact of travel restrictions on the council area.
  - **Glasgow Localised Restrictions Fund** - For the period from 17 May, additional support was provided to specific businesses in Glasgow for the duration they remained in Level 3. Up to £750 a week was provided for sectors that remained closed and up to £525 a week for businesses that required to modify their operations. Hospitality and tourism businesses were also eligible for a grant of up to £500 in recognition of the impact of travel restrictions on the council area.
  - **The 5 June Local Restrictions Support Fund** provided financial support for businesses impacted by SG's decision on 2 June to retain Level 2 restrictions in 14 Local authority areas in response to rates of COVID-19. The fund offered grants of up to £750 each week to the soft play sector that remained closed in Level 2 but which was permitted to open elsewhere in Scotland from 5 June. Businesses required to modify their operations as a result of being in Level 2 were provided with support of up to £525 per week.
- **Value:** £9.3 million
- **Take-up:** 9,038 premises
- **Status:** Data as at June 2021.

As at 25 June 2021, the Localised Restrictions Fund has paid £388,600 to businesses in Moray and £2,308,275 to businesses in Glasgow under level 3 restrictions from 17 May 2021. For the 14 local authorities under level 2 restrictions from 5 June 2021, the fund paid a total of £6,603,200 to 6,367 premises. A total of £9.3 million has been paid to 9,038 premises as at 25 June 2021.

Under the Level 2 restrictions, nearly all (99%, £6.5 million) of the funding was distributed through the Restrictions fund. The remaining funding (£73,250) was through the closures fund. By local authority, Glasgow and Edinburgh received the greatest share of the level 2 restrictions fund (both 27%). Glasgow (20%) also received the greatest share of funding through the closures fund followed by North Lanarkshire (18%).

Under the Level 3 restrictions, 2,019 premises in Glasgow City received 86% (£2.3 million) of the total amount paid out and 652 premises in received Moray 14% (£0.4 million). Nearly three quarters (73%) went to businesses with rateable value (RV) less than £51,000.

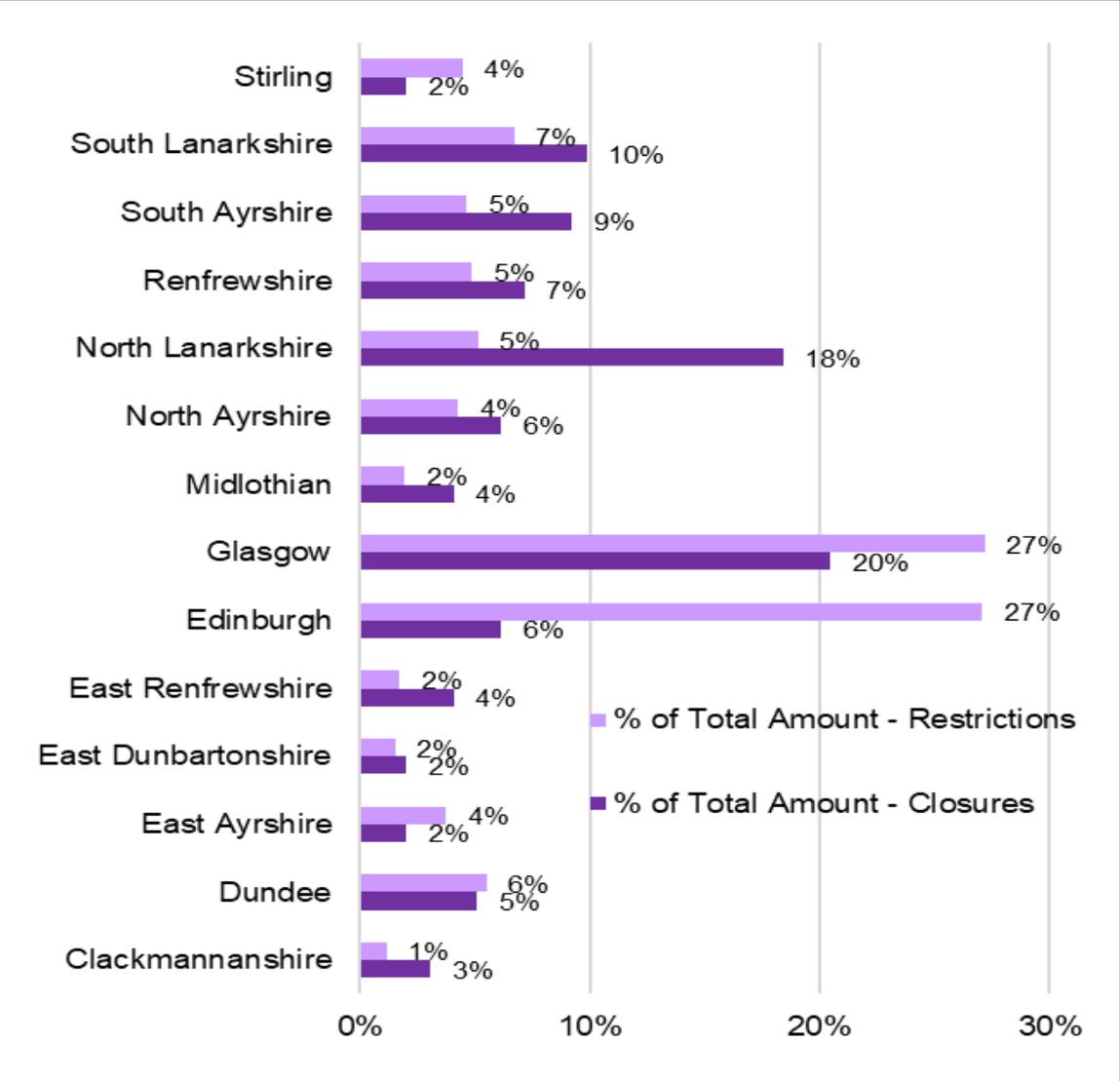
**Table A4: Level 3 Restrictions by Rateable Value (as at 25 June 2021)**

Local Authority	RV < £51,000		RV > £51,000		Total	
	premise paid	amount (£)	premise paid	amount (£)	premise paid	amount (£)
<b>Glasgow</b>	1,587	£1,612,650	432	£695,625	2,019	£2,308,275
<b>Moray</b>	621	£363,800	31	£24,800	652	£388,600
<b>Total</b>	<b>2,208</b>	<b>£1,976,450</b>	<b>463</b>	<b>£720,425</b>	<b>2,671</b>	<b>£2,696,875</b>

**Table A5: Level 2 Restrictions by Rateable Value (as at 25 June 2021)**

Local Authority	RV < £51,000		RV > £51,000		Total	
	premise paid	amount (£)	premise paid	amount (£)	premise paid	amount (£)
<b>Clackmannanshire</b>	67	70,350	4	6,975	71	77,325
<b>Dundee</b>	272	281,850	61	81,525	333	363,375
<b>East Ayrshire</b>	194	204,150	26	40,950	220	245,100
<b>East Dunbartonshire</b>	82	86,550	10	15,750	92	102,300
<b>East Renfrewshire</b>	102	07,650	6	8,925	108	116,575
<b>Edinburgh</b>	1,208	1,269,750	319	502,425	1,527	1,772,175
<b>Glasgow</b>	1,245	1,307,600	306	482,775	1,551	1,790,375
<b>Midlothian</b>	96	101,700	18	28,350	114	130,050
<b>North Ayrshire</b>	236	249,150	22	34,650	258	283,800
<b>North Lanarkshire</b>	254	269,400	50	80,100	304	349,500
<b>Renfrewshire</b>	726	255,000	128	67,875	854	322,875
<b>South Ayrshire</b>	243	256,500	34	54,225	277	310,725
<b>South Lanarkshire</b>	355	371,450	47	74,175	402	445,625
<b>Stirling</b>	211	220,950	45	72,450	256	293,400
<b>Scotland</b>	<b>5,291</b>	<b>5,052,050</b>	<b>1,076</b>	<b>1,551,150</b>	<b>6,367</b>	<b>6,603,200</b>

**Chart A21: % of total value by Local Restriction Funds (Restrictions and Closures)**



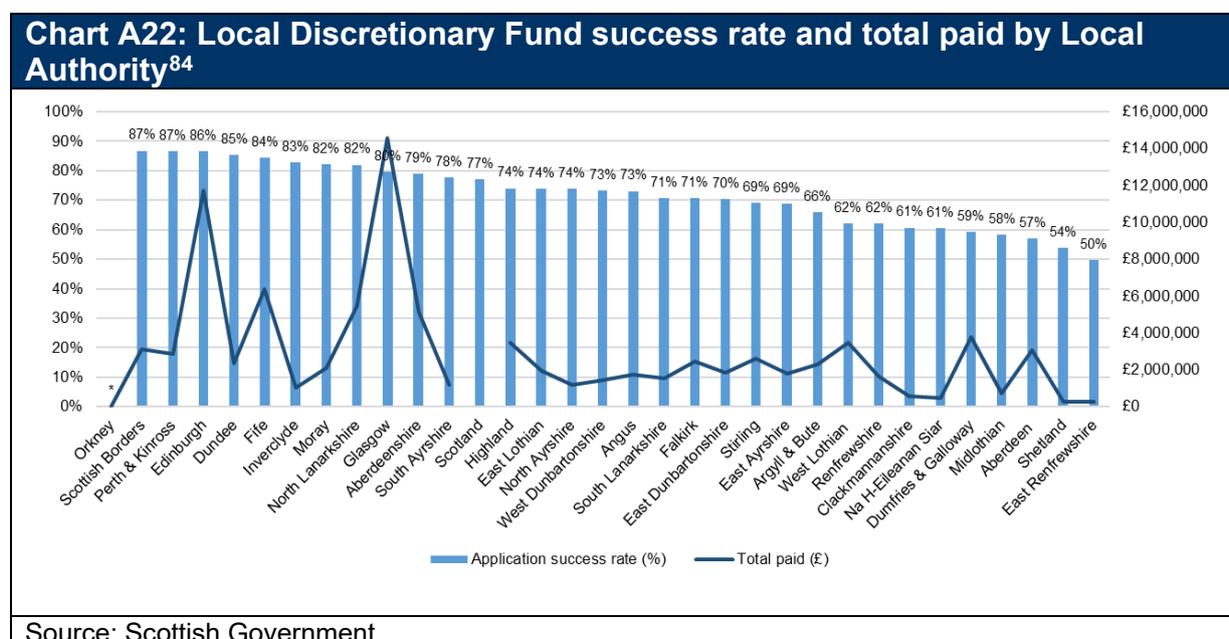
Source: SG

## Local Authority Discretionary Fund (incl. Glasgow Top-Up)

- **What is it?** £120 million of funding provided to local authorities to provide additional support for businesses where they consider that necessary or justified. The aim of this fund is to mitigate the short term financial challenges being experienced by businesses adversely impacted by restrictions and regulations introduced since October to control the spread of COVID-19. It enables individual local authorities to direct additional financial support to specific groups, sectors or businesses within their local business communities who are experiencing immediate financial challenges as a result of current restrictions and regulations. Local authorities can use this fund at their discretion, and will undertake their own assessment of need and develop application processes accordingly.
- **Value:** £92.4 million
- **Take-up:** 22,902 premises
- **Status:** Opened December 2020 and closed 10 May 2021.

£92,394,065 has been awarded to 22,902 premises through the Local Authority Discretionary Fund as at 25 June 2021. 29,696 eligible applications have been received and 22,913 of these were successful. The application success rate is 77% with an average (mean) amount awarded of £4,032.39. The rejection rate is 22% and 1% of applications were still being processed. The main reasons reported for rejected applications was that applicants were unable to fully evidence criteria for fund, or that they were eligible for a different fund instead.

By local authority, the application success rate was highest in Scottish Borders and Perth and Kinross (both 87%) and lowest in East Renfrewshire (50%) (Chart A22). Glasgow and Edinburgh received the greatest share of funding.



<sup>84</sup> \*Orkney was at too early a stage in the schemes administration to be able to return statistics. Glasgow City paid an additional £769,075 to 2018 premises that is not included in this table. This was part of a supplementary top-up since Glasgow remained in protection level 3.

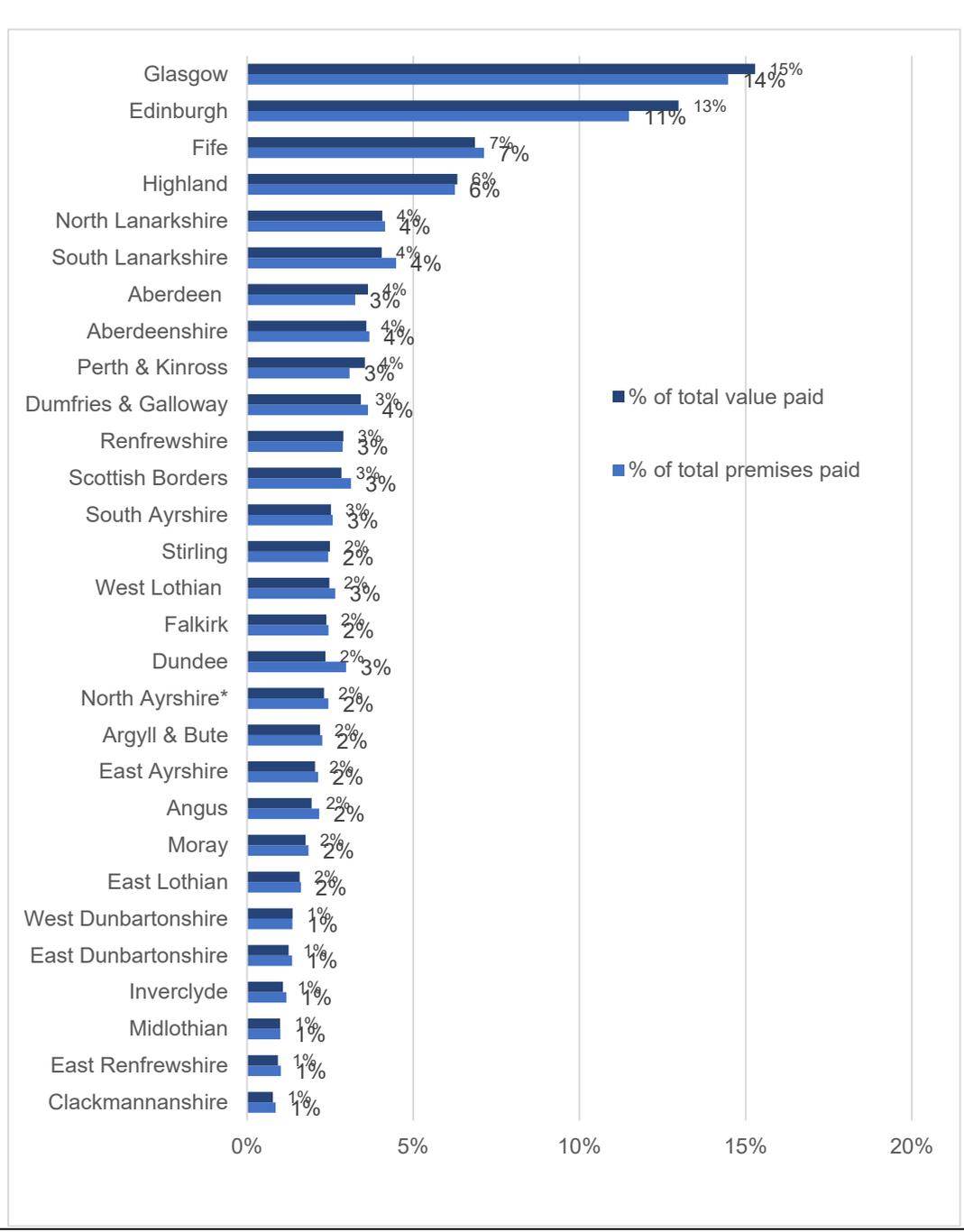
## Hospitality, Retail and Leisure (HRL) Top Up Funds

- **What is it?** In addition to the grants businesses receive through the Strategic Business Framework Fund, eligible hospitality, retail and leisure businesses were also offered a one off grant of:
  - £25,000 for larger hospitality businesses on top of the 4-weekly £3,000
  - £6,000 for smaller hospitality businesses on top of the 4-weekly £2,000
  - £9,000 for larger retail and leisure businesses on top of the 4-weekly £3,000
  - £6,000 for smaller retail and leisure businesses on top of the 4-weekly £2,000
- **Value:** £234.3 million
- **Take-up:** 33,388 premises
- **Status:** Opened January 2021 and closed 22 February 2021.

£234,301,500 has been awarded to 33,388 hospitality, retail and leisure businesses through the HRL Top-up Funds. 96% of eligible premises in Scotland had been paid through the scheme as at 25 June 2021.

By **local authority**, Glasgow City and City of Edinburgh received the greatest share of both total premises paid and total value paid (Chart A23). £35.8 million was awarded to 4,832 premises in Glasgow City and £30.42 million to 3,836 premises in City of Edinburgh. Clackmannanshire, East Renfrewshire, Midlothian and Inverclyde received the lowest share of total premises paid and total value paid.

**Chart A23: % of total premises paid and total by LA<sup>85</sup>**



Source: SG

<sup>85</sup> Na h-Eileanan Siar, Orkney, and Shetland did not receive this funding and were instead paid under the Island Equivalent Payment top up.

## Island Equivalent Fund

- **What is it?** The island equivalent payment recognised that while islands faced a lower level of restrictions, there were significant impacts on many businesses. For eligible businesses, this fund brought the support available to them in line with similar businesses subject to Level 4 restrictions on the mainland, for January and beyond. This fund was available in Orkney, Shetland and Comhairle nan-Eilean Siar, and islands in Highland and Argyll and Bute. This consisted of:
  - **A temporary closure grant every four weeks, of one of the following:**
    - £2,000 if your business premises had a rateable value of up to and including £51,000
    - £3,000 if your business premises had a rateable value of £51,001 or above
  - **Eligible retail and leisure businesses received:**
    - a one-off grant of £9,000 for relevant businesses with a rateable value of £51,001 or more
    - a one-off grant of £6,000 for relevant businesses with a rateable value of up to and including £51,000
  - **Hospitality businesses received:**
    - a one-off grant of £25,000 for premises with a rateable value of £51,001 or more
    - a one-off grant of £6,000 for premises with a rateable value of up to and including £51,000 (Restaurants, bars, pubs, licensed social and sports clubs, cafes and hotels were in scope for the hospitality top up payment.)
- **Value:** £7.7 million (+ £4.1 million top-up)
- **Take-up:** 1,660 premises (+ 605 premises from top-up)
- **Status:** Closed end of March 2021.

£7,653,700 was paid to 1,660 premises in the main round of the Island Equivalent Payment Scheme. A further 605 premises were paid in the top-up worth £4,068,000. This takes the total to £11,721,700 paid to 2,265 island businesses.

The application success rate for the main round of the scheme was 92% and the rejection rate was 8%. By **local authority**, the success rate was lower than average in Shetland (81%) and Orkney (85%). The greatest share of funding in the main round went to Argyll & Bute (41%) followed by Orkney (29%).

87% of eligible premises were paid through the top-up of the scheme. The greatest share of the top-up funding went to Na H-Eileanan Siar (32%), Shetland (25%) and Orkney (24%).

**Table A6: Summary of Island Equivalent Payments (Main Round) as of 25 June**

Local Authority	total applications	No. approved	approved (%)	rejected (inc. referred/deferred) (%)	Processing (%)	premises paid	premise paid as % of accepted	Total paid (£)
<b>Argyll &amp; Bute</b>	611	611	100%	0%	0%	559	91%	3,146,100
<b>Highland</b>	46	46	100%	0%	0%	23	50%	149,400
<b>Na H-Eileanan Siar</b>	1,302	1,214	93%	7%	0%	563	46%	1,065,600
<b>Orkney</b>	467	395	85%	15%	0%	330	84%	2,184,600
<b>Shetland</b>	227	185	81%	19%	0%	185	100%	1,108,000
<b>Scotland</b>	<b>2,653</b>	<b>2,451</b>	<b>92%</b>	<b>8%</b>	<b>0%</b>	<b>1660</b>	<b>68%</b>	<b>7,653,700</b>

**Table A7: Summary of Island Equivalent Payments Top Up as of 25 June**

Local Authority	Eligible premise	Eligible premise paid	% of eligible premises paid	Total paid (£)
<b>Argyll &amp; Bute</b>	103	103	100%	716,000
<b>Highland</b>	41	6	15%	39,000
<b>Na H-Eileanan Siar</b>	196	196	100%	1,293,000
<b>Orkney</b>	198	152	77%	991,000
<b>Shetland</b>	154	148	96%	1,029,000
<b>Scotland</b>	<b>692</b>	<b>605</b>	<b>87%</b>	<b>4,068,000</b>

## Newly Self-Employed Hardship Fund<sup>86</sup>

- **What is it?** Support for newly self-employed individuals losing revenue due to the Coronavirus pandemic and who are ineligible for other COVID-19 support schemes such as the UKG's SEISS. Round 1 provided a £2,000 grant for self-employed individuals and Round 2 offered an additional £4,000 grant.
- **Value:** £45.9 million paid out.
- **Take-up:** 14,342 awards.
- **Status:** Round 1 closed 10 July 2020. Round 2 closed 23 March 2021.

For the 1<sup>st</sup> round of the scheme, 5,673 grants awarded out of 8,006 applications, an award rate of 71%. The total value of grants awarded stood at £11.3 million.

For the 2<sup>nd</sup> round of the scheme, 8,669 grants awarded out of 9,668 applications, an award rate of 90%. The total value of grants awarded stood at £34.6 million. This brings the total awarded through the scheme to £45.9 million with 14,342 successful applications.

The following statistics relate to the first round of the scheme:

By **local authority**, Glasgow (11%) and Edinburgh (9%) received the highest proportion of grants by value awarded and number of successful grants (again, 11% and 9% respectively).

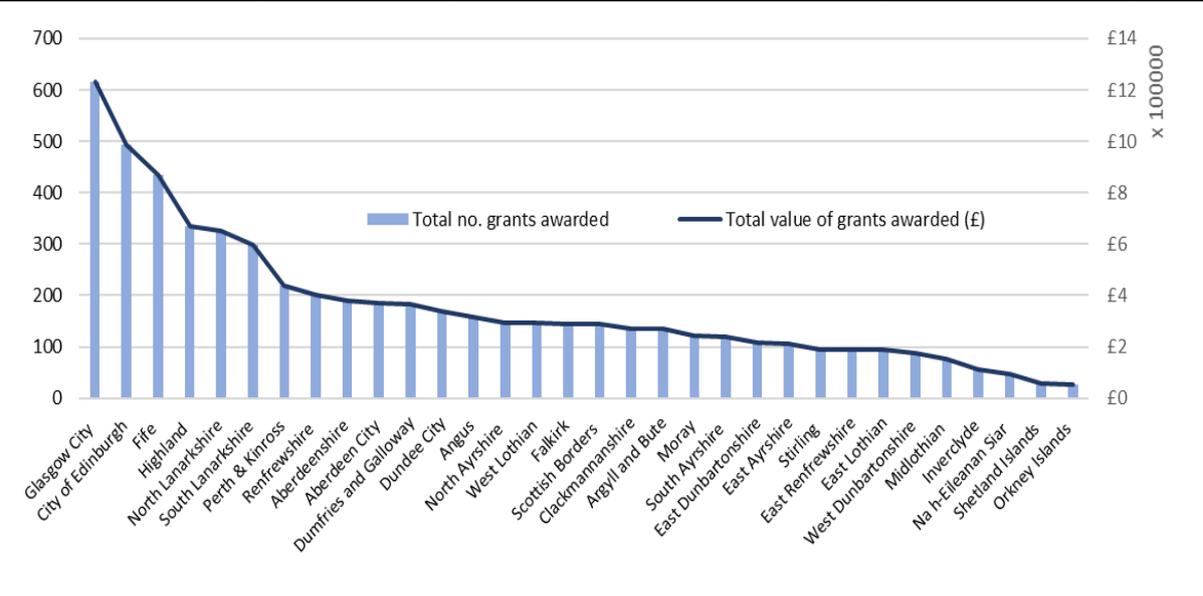
Looking at award rates, Fife (86%), West Dunbartonshire (86%), and Shetland Islands (85%) and had the highest award rates while Orkney Islands (50%) and Glasgow City (56%) had the lowest.

By **urban/rural split**, businesses in LAs classed as urban received around two thirds (64%) of the grants awarded. The award rate was slightly higher in LAs classed as rural (72%) than in LAs classed as urban (70%).

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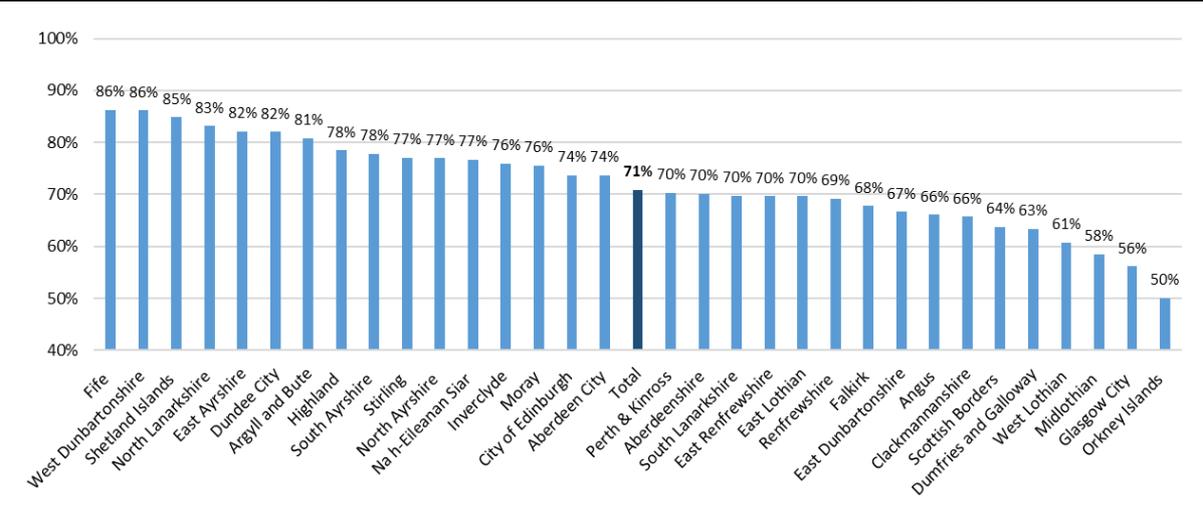
<sup>86</sup> Final data.

**Chart A24: Newly Self-Employed Hardship Fund Grants by Local Authority**



Source: Scottish Government

**Chart A25: NSHF Application Award Rate by Local Authority (%)**



Source: Scottish Government

## Creative, Tourism and Hospitality Enterprises Hardship Fund<sup>87</sup>

- **What is it?** Grant funding for small (less than 50 employees) creative, tourism and hospitality businesses losing revenue due to the Coronavirus pandemic who are ineligible for other COVID-19 business support (except the Coronavirus Job Retention Scheme)
- **Value:** £23.6 million grants offered (£30 million available)
- **Take-up:** 1,894 applications approved.
- **Status:** Scheme closed. Final headline figures provided.

1,894 applications have been approved out of a total of 3,413 valid applications<sup>88</sup>, an award rate of 55%. If we consider only valid, eligible applications<sup>89</sup> (1,908 of the total applications were deemed valid and also to have met eligibility criteria), the award rate rises to 99%. The total value of grants offered stood at £23.6 million. The average grant offer was £12,400.

By **sector**, over two thirds of grants offered were to businesses in the tourism and hospitality sector (76% of the total value of grants offered and 71% of the total number) while around a quarter went to the creative sector (24% by value and 29% by number of grants offered).

The geographical spread across **local authorities** of grants offered was broadly in line with the distribution of registered private sector businesses in the 'Accommodation and Food Services' and 'Arts, Entertainment and Recreation' sectors across Scotland's LAs (see [Annex 4](#)). Highland (14% by number of grants offered and 12% by value), Edinburgh (13% by number and 15% by value) and Glasgow (13% by number and 14% by value) had the highest proportion of grants offered by value and number of grants, together accounting for around 40% of grants offered (Chart A26). These three LAs together accounted for 34% of registered private sector businesses in the 'Accommodation and Food Services' and 'Arts, Entertainment and Recreation' sectors in 2020.

By **business size**<sup>90</sup>, micro businesses (0-9 employees) made up the majority (86%) of total applications and received 75% of the total value offered. Small businesses (10-49 employees) made up 14% of total applications and were offered 25% of the total value offered (Chart A27).

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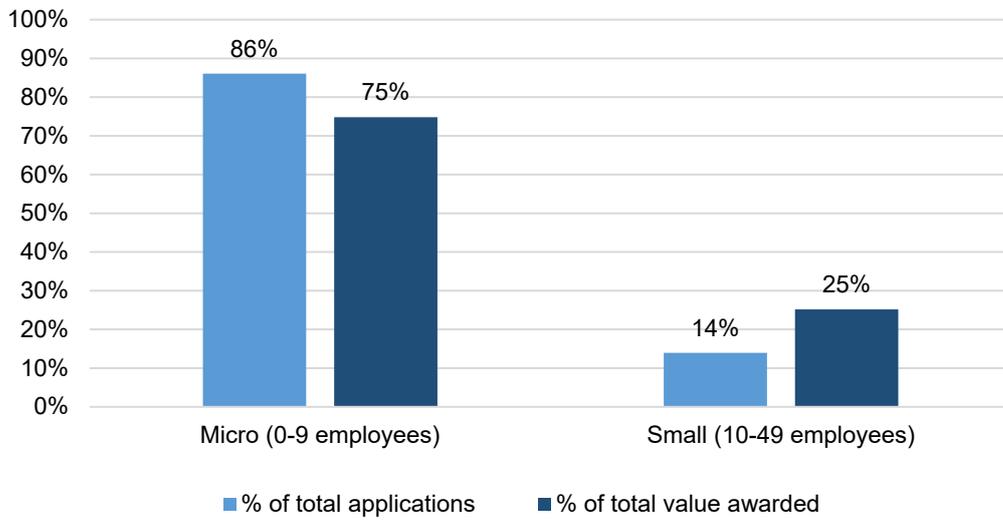
<sup>87</sup> Final data.

<sup>88</sup> Valid applications exclude duplicates, entries created but never submitted and withdrawn applications.

<sup>89</sup> Valid, eligible applications exclude duplicates, entries created but never submitted and withdrawn applications as well as those applications failing the bank check and those that did not provide sufficient information or failing on basic eligibility. This figure for valid applications is for data as at August 2020 when one grant had not been finalised.

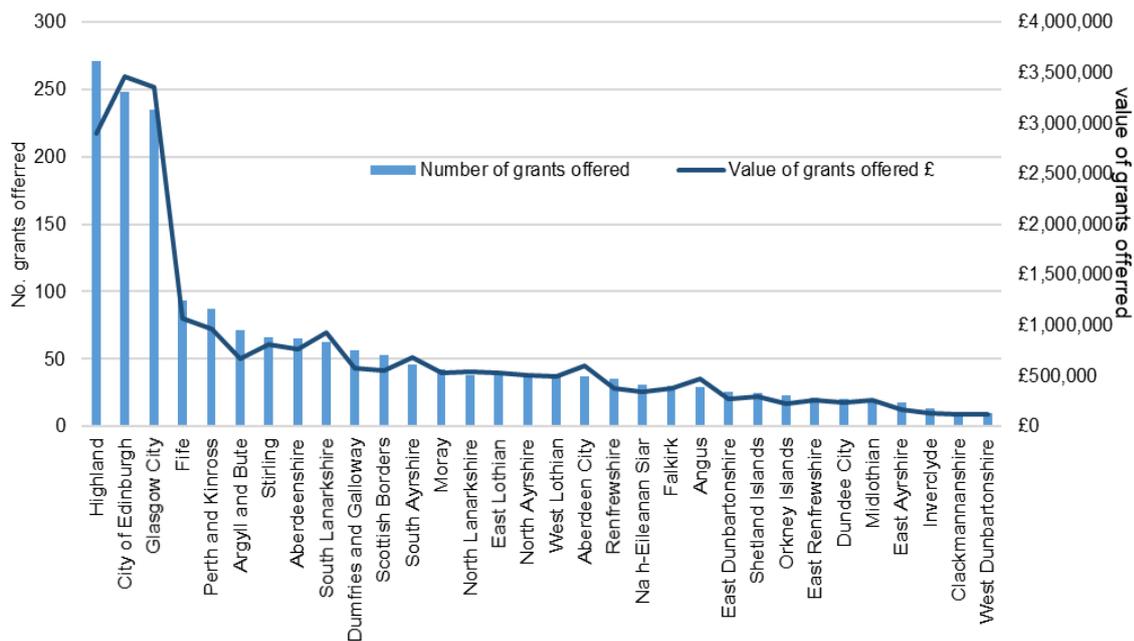
<sup>90</sup> Data by business size is at 4<sup>th</sup> August 2020 when one grant had not been finalised.

**Chart A26: Take-up of Hardship Fund by Business Size**



Source: Enterprise Agencies, data as at 4<sup>th</sup> August 2020.

**Chart A27: Number and value of grants offered, by local authority**



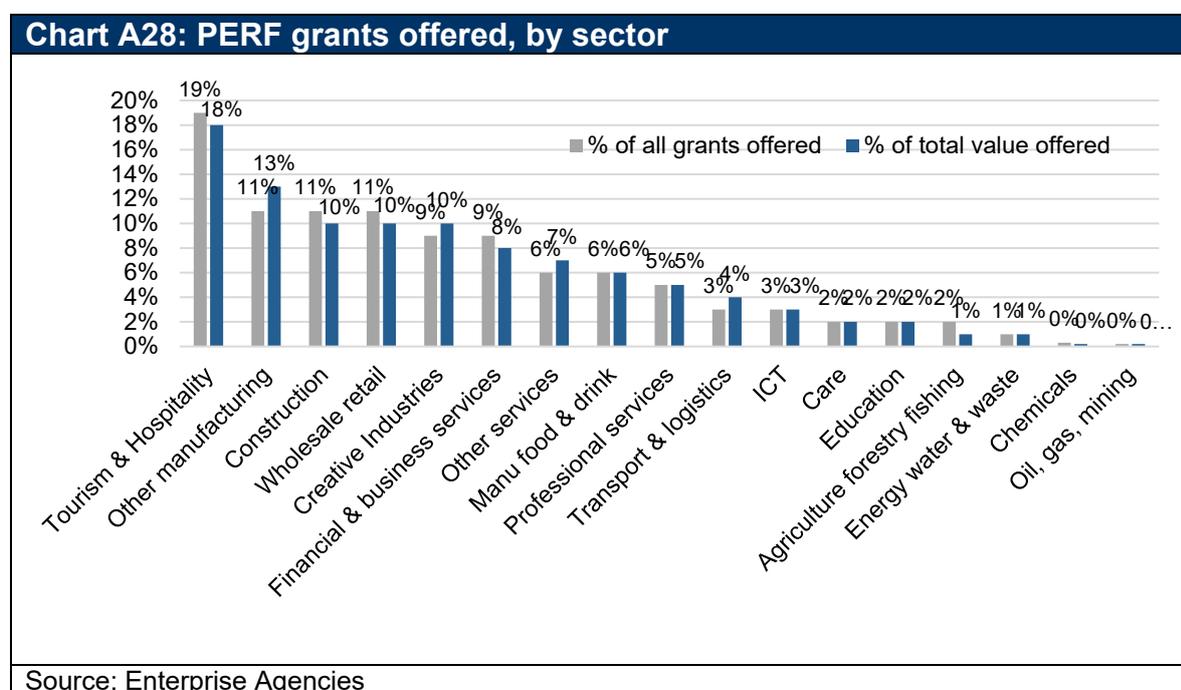
Source: Enterprise Agencies, data as at 9<sup>th</sup> Sept 2020.

## Pivotal Enterprise Resilience Fund (PERF)<sup>91</sup>

- **What is it?** Grants for viable but vulnerable SMEs who are vital to Scotland's economy, locally or nationally.
- **Value:** £121.8 million offered (£120 million available)
- **Take-up:** 1,763 applications approved.
- **Status:** Scheme closed. Final headline figures provided.

1,763 applications have been approved out of a total of 5,069 valid applications<sup>92</sup>, an award rate of 35%. If we consider only valid, eligible applications<sup>93</sup> (3,995 of the total applications were deemed valid and also to have met eligibility criteria), the award rate rises to 44%. The total value of grants offered stood at £121.8 million. The average grant offer was £69,000.

Five sectors, 'Tourism & Hospitality', 'Other manufacturing', 'Construction', 'Wholesale and Retail' and 'Creative Industries', together accounted for almost two thirds (61%) of grants offered by value and number of businesses (Chart A28).



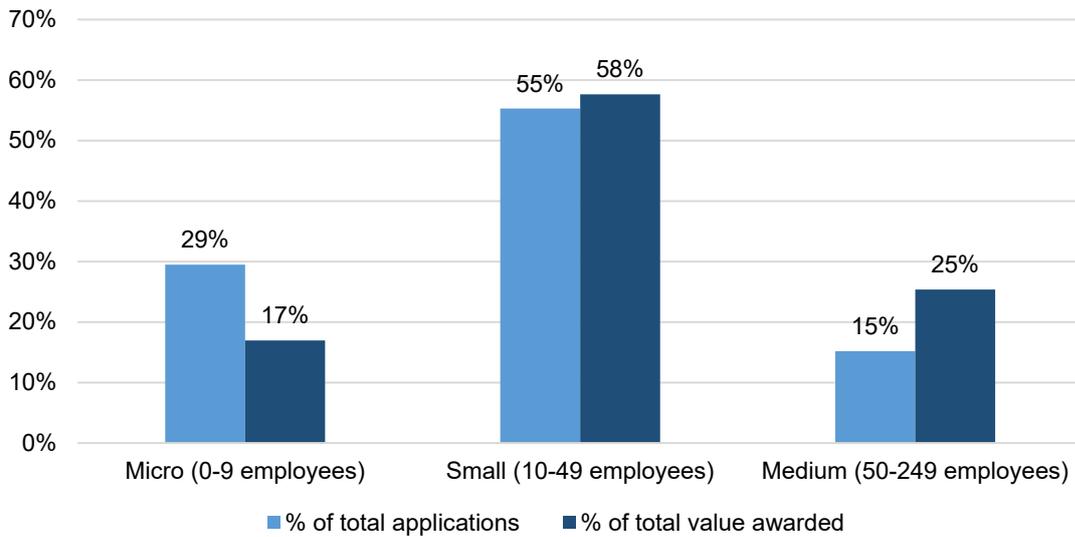
By business size, small businesses (10-49 employees) made up over half (55%) of total applications and total value awarded (58%). Micro businesses (0-9 employees) made up 29% of total applications and received 17% of the total value awarded. Medium-sized businesses made up 15% of total applications and received a quarter of the total value awarded (25%) (Chart A29).

<sup>91</sup> Final data as at 4 August 2020.

<sup>92</sup> Valid applications exclude duplicates, entries created but never submitted and withdrawn applications.

<sup>93</sup> Valid, eligible applications exclude duplicates, entries created but never submitted and withdrawn applications as well as those applications failing the bank check and those that did not provide sufficient information or failing on basic eligibility.

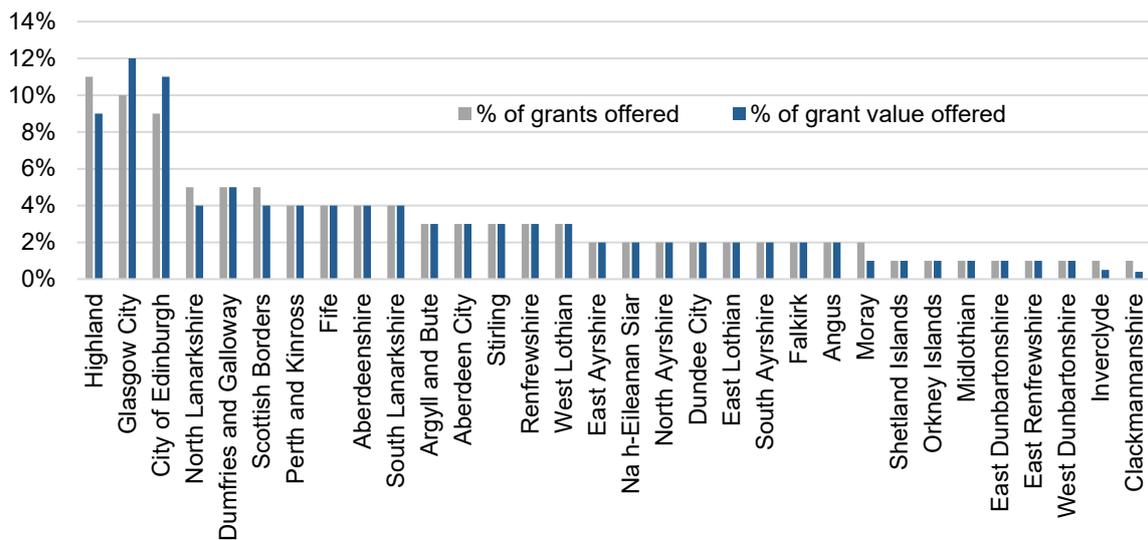
**Chart A29: Take-up of PERF by Business Size**



Source: Enterprise Agencies

By local authority, Highland (11% by number of grants offered and 9% by value), Glasgow (10% by number and 12% by value) and Edinburgh (9% by number and 11% by value) had the highest proportion of approvals by value and number of grants, together accounting for around a third of total grants awarded (Chart A30). These three LAs together account for just under a third (29%) of registered private sector businesses in Scotland (see [Annex 4](#)).

**Chart A30: Percentage of grants offered by local authority**



Source: Enterprise Agencies

### iii. Scottish Sector Specific Schemes

#### Business Contingency Fund Plus Grants (Travel Agents, Brewers and Indoor Football Centres)

- **What is it?** Contingency Fund to support brewers, travel agents and indoor football centres in recognition of the specific challenges that businesses operating in these sectors are experiencing as a result of COVID-19 restrictions and regulations. Eligible businesses will receive grants of up to £25,000, depending on the rateable value of the premises from which they operate. Brewers may be eligible for an additional £5,000 based on their annual production. Eligible businesses will receive a:
  - £10,000 for premises which have a rateable value of up to and including £18,000
  - £25,000 for premises which have a rateable value of £18,001 or above
  - For Breweries only: £30,000 for a property from which they operate with a rateable value of over £51,000 or production over 5,000 HL in 2019
- **Value:** £5.4 million
- **Take-up:** 345 businesses
- **Status:** Closed 31 March 2021.

A total of £5,391,250 has been awarded to 345 premises through the Business Contingency Plus Fund.

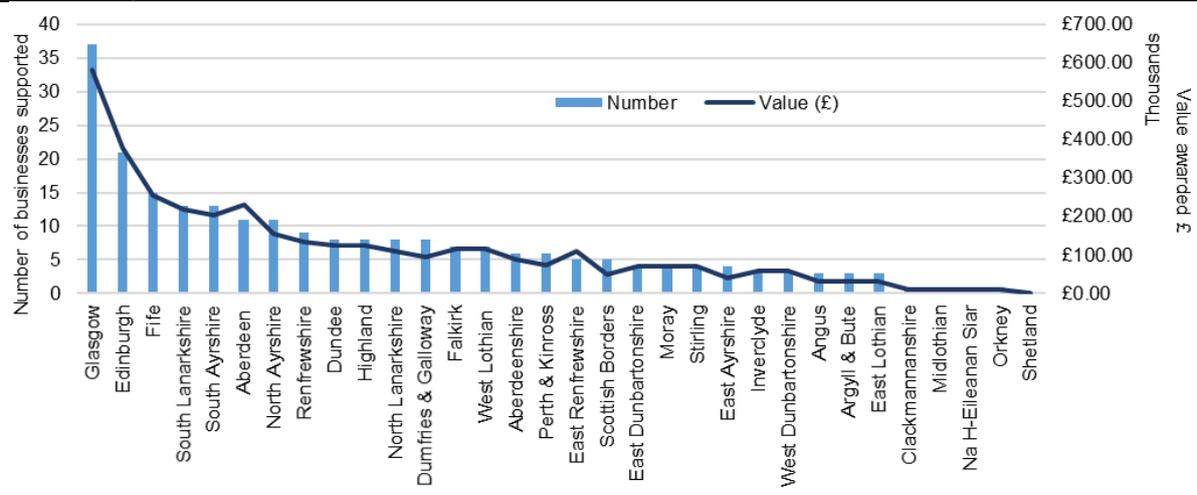
#### (a) Travel Agents

£3,670,000 has been paid to 233 premises defined as Travel Agents. Travel Agents received the greatest share of funding under the contingency fund plus grants (68% of total value and premises).

**By size**, 143 smaller premises (rateable value £18,000 or under) were awarded £1,430,000 and 90 larger premises (rateable value over £18,000) were awarded £2,240,000.

**By local authority**, Glasgow received the greatest share of travel agents supported and value awarded (both 16% of total). This was followed by Edinburgh (9% of number and 10% value) and Fife (6% of number and 10% value).

**Chart A31: Number and value of grants awarded to Travel Agents, by local authority**



Source: SG

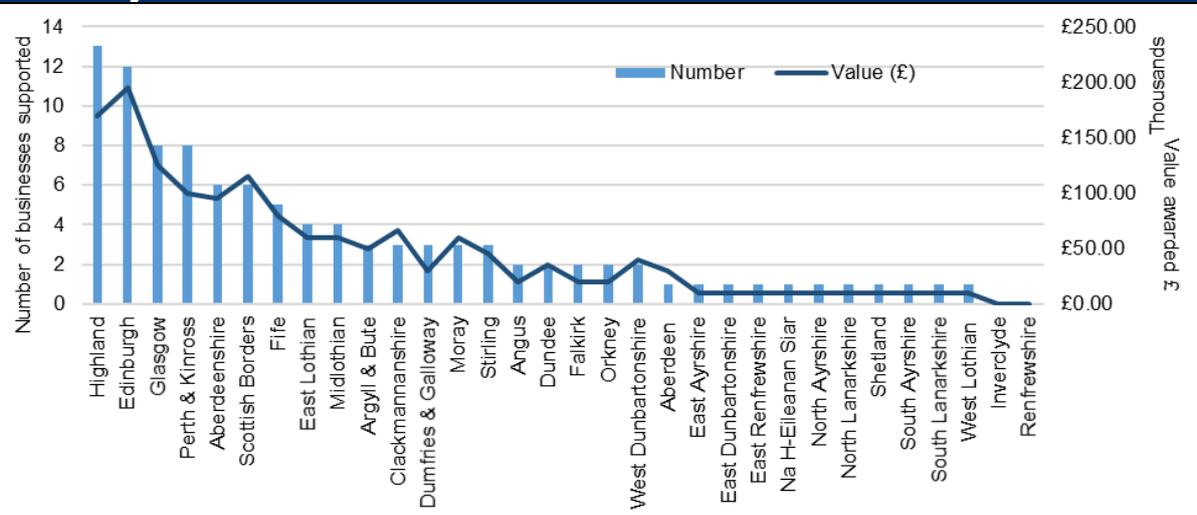
**(b) Breweries**

£1,516,250 has been paid to 102 premises defined as Breweries. Breweries received 30% of total value and made up 28% of total premises under the contingency plus fund.

**By size**, 70 smaller premises (rateable value £18,000 or under) were awarded £700,000, 15 medium premises (rateable value between £18,001 and £51,100) were awarded £356,250 and 17 large premises (rateable value over £51,100) were awarded £460,000.

**By local authority**, Highland received the greatest share of breweries supported (13%) with 11% of value awarded. This was followed by Edinburgh (12% of number and 13% value) and Glasgow (both 8%).

**Chart A32: Number and value of grants awarded to Breweries, by local authority**



Source: SG

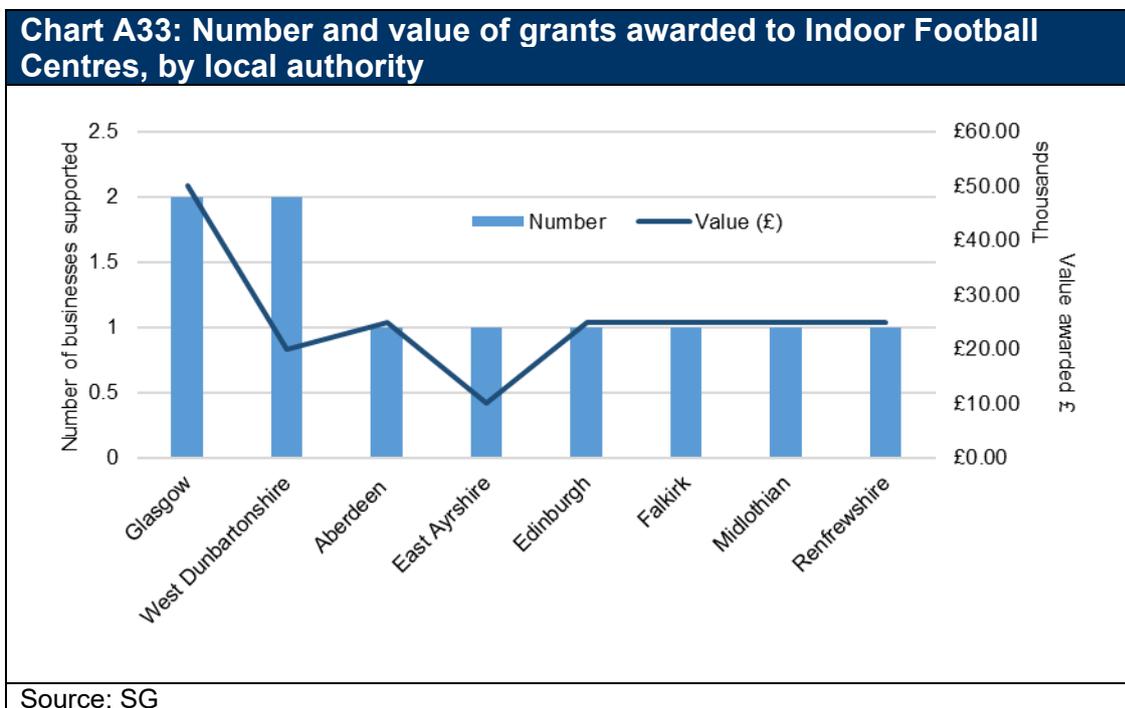
### (c) Indoor Football Centres

£205,000 has been paid to 10 premises defined as indoor football centres. Indoor football centres received the lowest share of funding (4% of total value and made up 3% of total premises).

**By size**, 3 smaller premises (rateable value £18,000 or under) were awarded £30,000 and 7 large premises (rateable value over £18,000) were awarded £175,000.

**By local authority**, only eight local authorities in Scotland had businesses that received support. Glasgow had two businesses receiving support worth £50,000 followed by West Dunbartonshire where 2 businesses received £20,000).

**Chart A33: Number and value of grants awarded to Indoor Football Centres, by local authority**



Source: SG

## Support for Small Accommodation Providers Paying Council Tax Fund

- **What is it?** Fund is designed to support eligible B&Bs, guest houses and self-catering accommodation that have experienced financial hardship as a result of coronavirus protection measures. It covers businesses which do not pay non-domestic rates but pay council tax, and is part of wider support for the tourism and hospitality sector.  
Eligible businesses received a grant of £2,000 every 4 weeks. Payments backdated to the start of January 2021 and cover until the 31st March 2021, the period of which Level 4 restrictions have applied from 26th Dec 2020. The fund was delivered in three waves.
- **Value:** £8.8 million
- **Take-up:** 1,481 premises
- **Status:** Closed.

Across the three waves of the funds, 1,481 applications had been awarded with a total value of £8,830,000 million.

348 premises were paid under the first wave with a value of £2,076,000. 133 premises were paid under the second wave with a value of £786,000. 1,000 premises were paid under the third wave with a value of £5,968,000.

By local authority, Highland received the greatest share of support for both number of premises and value across the three waves of the support (Table A8), reflecting the targeting of the support to small accommodation providers.

**Table A8: Small Accommodation Providers paying Council Tax Fund (SAP-CTF) – Wave 1, 2 and 3 payments as of 25 June**

Local Authority	Wave 1 premise paid		Wave 2 premise paid		Wave 3 premise paid	
	Number	Value (£)	Number	Value (£)	Number	Value (£)
Aberdeen	-	-	1	6,000	11	66,000
Aberdeenshire	3	18,000	1	6,000	25	144,000
Angus	5	30,000	2	12,000	16	96,000
Argyll & Bute	26	156,000	9	54,000	68	408,000
Clackmannanshire	1	6,000	2	12,000	-	-
Dumfries & Galloway	14	84,000	7	42,000	21	126,000
Dundee	-	-	-	-	-	-
East Ayrshire	3	18,000	2	12,000	6	36,000
East Dunbartonshire	1	6,000	-	-	1	6,000
East Lothian	4	24,000	2	12,000	11	66,000
East Renfrewshire	1	6,000	1	6,000	-	-
Edinburgh	8	48,000	3	18,000	87	522,000
Falkirk	2	12,000	-	-	7	42,000
Fife	13	78,000	5	30,000	49	294,000
Glasgow	-	-	1	6,000	65	390,000
Highland	152	912,000	61	366,000	417	2,500,000
Inverclyde	-	-	1	6,000	2	12,000
Midlothian	3	18,000	-	-	1	6,000
Moray	13	78,000	3	18,000	34	204,000
Na H-Eileanan Siar	28	168,000	6	36,000	30	180,000
North Ayrshire	5	30,000	2	12,000	17	102,000
North Lanarkshire	1	6,000	-	-	7	42,000
Orkney	9	54,000	6	36,000	15	90,000
Perth & Kinross	11	66,000	5	30,000	33	198,000
Renfrewshire	-	-	-	-	-	-
Scottish Borders	11	54,000	3	14,000	20	108,000
Shetland	6	36,000	-	-	11	66,000
South Ayrshire	6	36,000	-	-	4	24,000
South Lanarkshire	2	12,000	-	-	5	30,000
Stirling	16	96,000	4	16,000	31	174,000
West Dunbartonshire	1	6,000	3	18,000	3	18,000
West Lothian	3	18,000	3	18,000	3	18,000
<b>Scotland</b>	<b>348</b>	<b>2,076,000</b>	<b>133</b>	<b>786,000</b>	<b>1,000</b>	<b>5,968,000</b>

## Taxi and Private Hire Driver Support Fund (March 2021)<sup>94</sup>

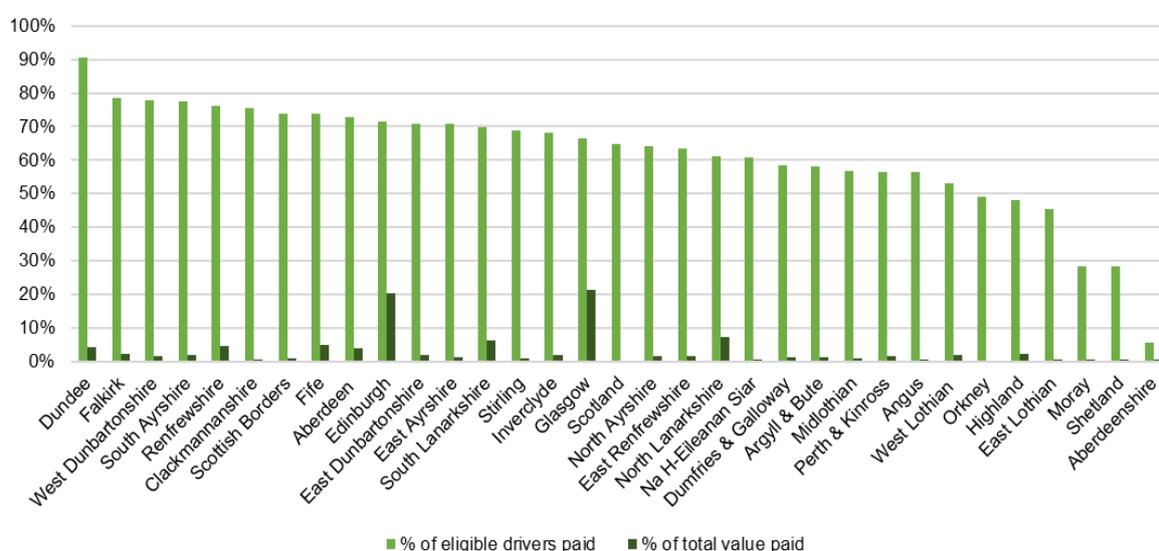
- **What is it?** Grants for licensed taxi or private hire drivers impacted by Covid-19 restrictions. The support consisted of a one-off grant of £1,500.
- **Value:** £32.8 million
- **Take-up:** 21,838 awards
- **Status:** Closed

21,838 drivers have been paid through the scheme out of 33,767 eligible drivers, a success rate of 65%. Total spend under the scheme stood at £32,757,500 as at 25 June 2021.

99% of the eligible drivers were contacted through their local authority and 70% subsequently returned an application (23,805 applications). 2,039 applications were rejected (6% of eligible drivers and 9% of applications received). The main reasons for rejection were failure to supply supporting evidence (42%) and duplicate application (38%).

By **local authority**, Glasgow (21%) and Edinburgh (20%) received the greatest share of total value paid through the scheme. Orkney, Aberdeenshire, Shetland, Clackmannanshire, Moray and Na H-Eileanan Siar received the least in terms of value (all 0%). Looking at the percentage of eligible drivers paid in each LA, Dundee paid the greatest share (90%), followed by Falkirk (79%), West Dunbartonshire (78%) and South Ayrshire (78%). Aberdeenshire (6%), Shetland (28%) and Moray (28%) paid the lowest share of eligible drivers in their LA.

**Chart A34: % of total value paid and % of eligible drivers paid by LA**



Source: SG

<sup>94</sup> A second round announced June 2021 [Taxi and Private Hire Driver and Operators Fund] is not included in this evaluation as it was open for applications when the scope was determined.

## Coronavirus Liquidity Support for SME Housebuilders<sup>95</sup>

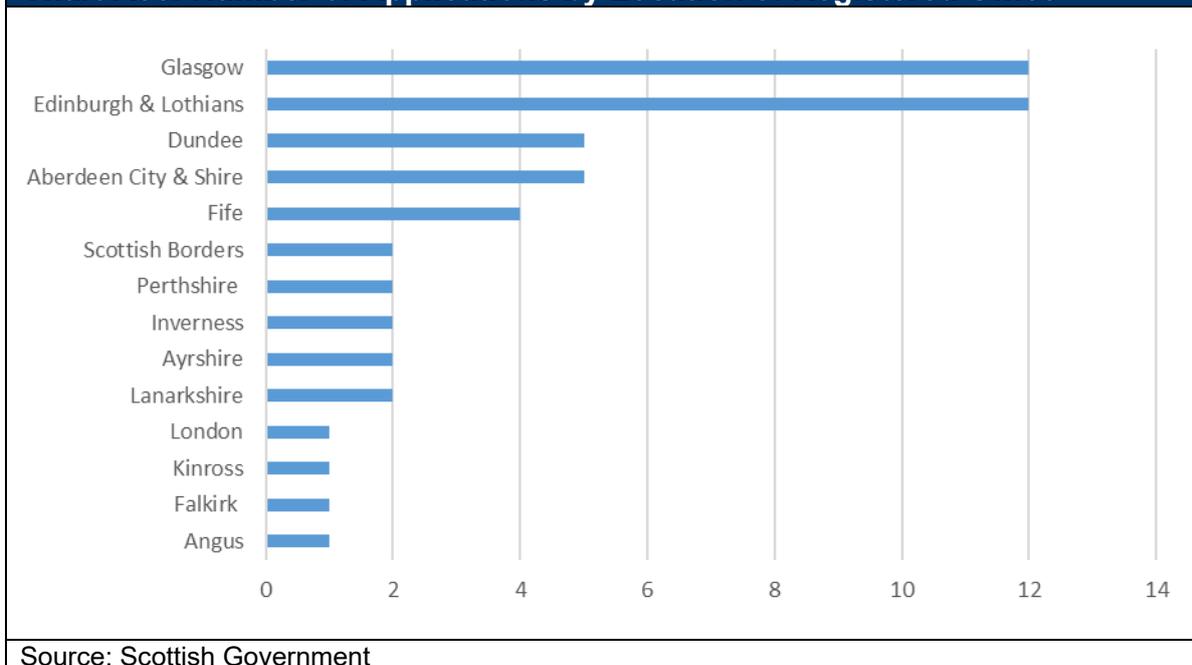
- **What is it?** Emergency loan fund to support SME housebuilders experiencing liquidity issues due to the temporary closure of housebuilding sites by COVID-19. Loans ranging from £50k to £1m.
- **Value:** £18.0m approved loans.
- **Take up:** 38 businesses approved.
- **Status:** Scheme closed 29 June 2020.

38 applications had been approved out of 52 submitted, an award rate of 73%. Loans approved to date are worth £18,020,417. 14 applications were rejected, a rejection rate of 27%.

The average (mean) loan amount requested was £485,808 and the average loan amount approved was £474,221 (98% of value requested).

**By area,** Glasgow and Edinburgh & Lothians received the greatest number of applications with 12 each.

**Chart A35: Number of Applications by Location of Registered Office**



<sup>95</sup> Final data.

## Museums and Galleries Scotland Funds<sup>96</sup>

- **What is it?** Funding schemes to support the museums and galleries sector through the challenges created by the COVID-19 pandemic they comprise:
  - (a) COVID-19 Museum Development Fund** - This fund was available to Local Authority museums, museums managed by ALEOs and University museums to deliver projects to help them build resilience and address some of the challenges brought about by the pandemic.
  - (b) Recovery and Resilience Fund** - This fund was open to Accredited and non-Accredited independent museums to apply for support to help them recover from the impact of the Coronavirus pandemic and build resilience and sustainability
  - (c) Covid-19 Adaptation Fund** - This fund is open to all museums to support the costs of making adaptations necessary in order to reopen safely and in accordance with restrictions due to Covid-19. Museums can apply for up to £7,500.
  - (d) Urgent Response COVID-19 Fund** - This fund was open to independent Accredited museums critically affected by the loss of income as a result of the COVID-19 pandemic and supported them with 3 months of operating costs.
  - (e) Digital Resilience Covid-19 Fund** - This fund was open to all museums to support the purchase of equipment and software that would enable them to adapt to more digital working during the period of closures brought about by COVID-19.
- **Value:** £8.7 million across the five listed funds.
- **Take-up:** 351 awards
- **Status:** All closed.

A total of £8,693,756 million was paid out through 351 awards under the following five Museums and Galleries Scotland funds.

### (a) COVID-19 Museum Development Fund

A total value of £805,584 was paid to 22 organisations in Scotland through the Museum Development Fund. The average amount paid out through the scheme was £36,617. The largest awards were given to Aberdeen City Council and High Life Highland (both £60,000).

Table A9: Amount awarded under Museum Development Fund by organisation.	
Organisation	Amount Awarded
Aberdeen City Council	£60,000
ANGUSalive	£55,072
City of Edinburgh Council	£55,125
Culture Perth and Kinross	£38,624
Dumfries and Galloway Council	£48,000
East Dunbartonshire Leisure &	£58,529
East Lothian Council	£2,496
Falkirk Community Trust	£20,404
Fife Cultural Trust	£23,925

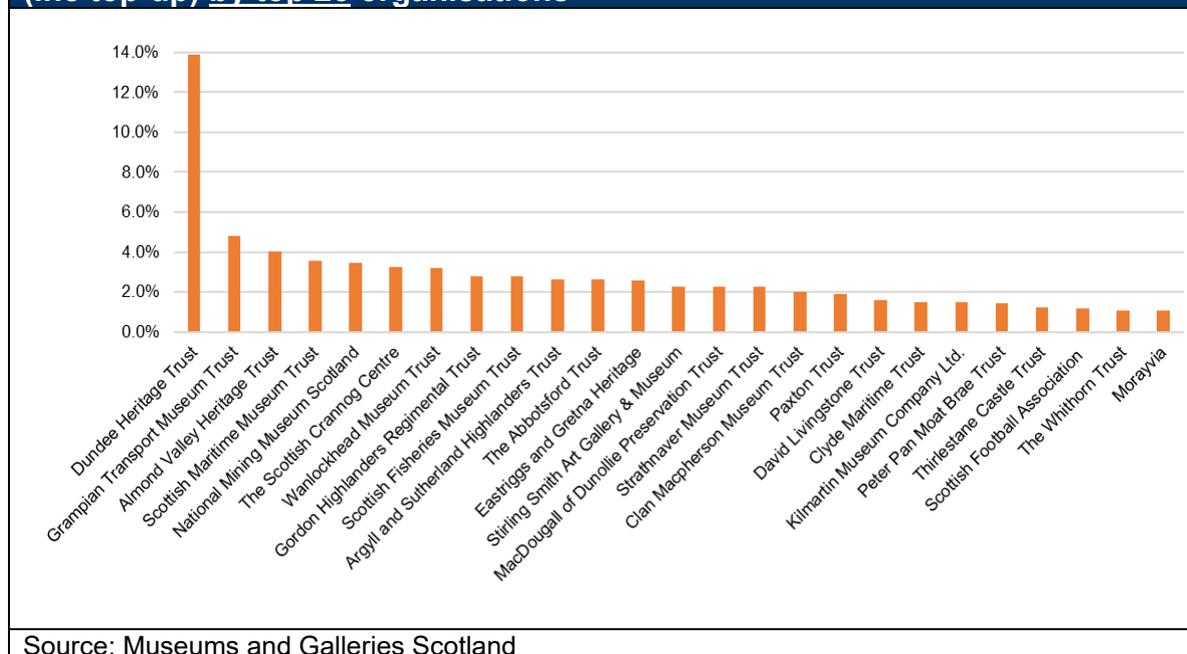
<sup>96</sup> Data as at 22 April 2021.

Glasgow Life, Glasgow Museums	£59,520
High Life Highland	£60,000
Inverclyde Council	£51,577
Renfrewshire Leisure Ltd.	£25,909
Robert Gordon University	£34,527
University of Aberdeen	£43,989
University of Dundee	£24,034
University of Edinburgh	£25,200
University of Edinburgh	£21,756
University of St Andrews	£38,504
University of Stirling	£11,652
West Lothian Council	£7,562
Western Isles Council - Comhairle nan Eilean Siar	£39,179
<b>Total</b>	<b>£805,584</b>

### (b) Recovery and Resilience Fund

90 awards paid through this scheme out of 116 applications, an award rate of 78%. A total of £4.6 million was paid out through this scheme. An additional 59 awards were paid through the top-up of the Recovery and Resilience fund worth £2.3 million. 60 applications were filed for the scheme with an award rate of 98%. A total of 149 awards were paid through the scheme worth £6,877,366. The greatest share of funding went to Dundee Heritage Trust (14%, £953,299).

**Chart A36: % of total value awarded through Recovery and Resilience Fund (inc top-up) by top 25 organisations**



### (c) COVID-19 Adaptation Fund

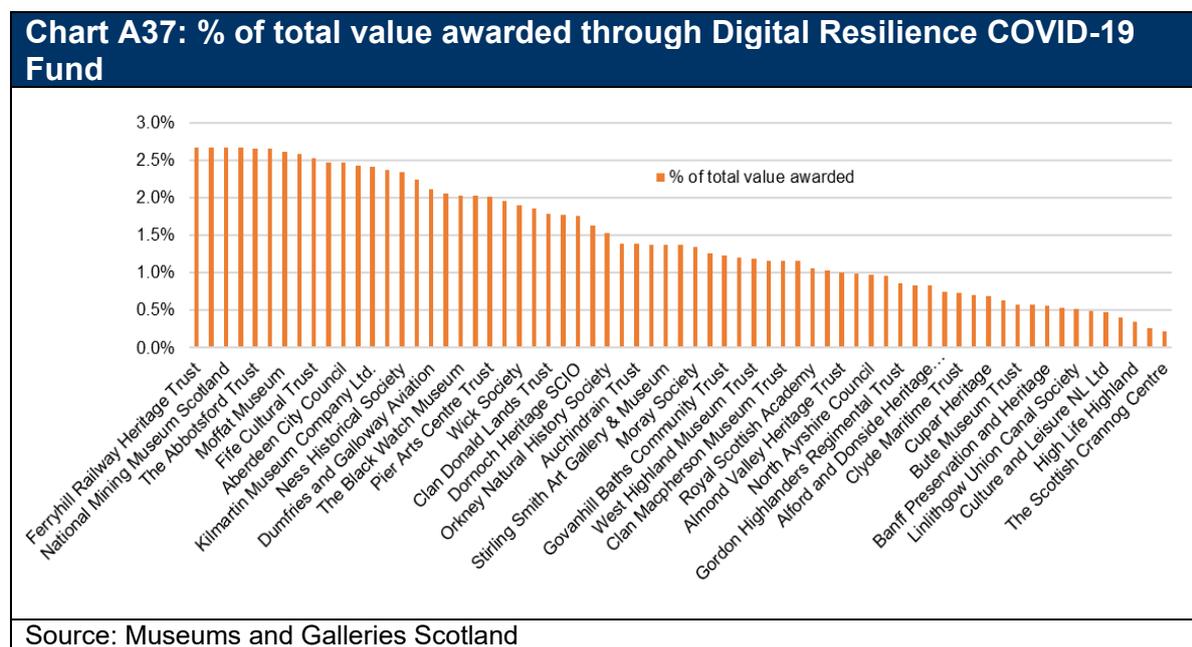
92 awards paid through this scheme out of 97 applications, an award rate of 95%. A total of £300,000 was paid out through this scheme. The average (mean) amount was £3,260.

### (d) Urgent Response COVID-19 Fund

20 awards paid through this scheme out of 29 applications, an award rate of 69%. A total of £600,000 was paid out through this scheme. The average (mean) amount was £30,000.

### (e) Digital Resilience COVID-19 Fund

68 awards paid through this scheme out of 77 applications, an award rate of 88%. A total of £110,806 was paid out through this scheme. The average (mean) amount was £1,629. The greatest share of funding went to the Ferryhill Railway Trust, Museum of Scottish Lighthouses, National Mining Museum Scotland and Scottish Maritime Museum Trust (all 2.7%, £3,000).



## Scottish Wedding Industry Fund<sup>97</sup>

- **What is it?** Fund for eligible businesses whose main income comes from the wedding sector (e.g. caterers, cakes, marquee hire, photographers), offering grants of between £5,000 and £25,000 depending on turnover. It was available to companies, sole traders, partnerships, registered charities and trusts. It was managed by a partnership of South of Scotland Enterprise, Scottish Enterprise and Highlands and Islands Enterprise on behalf of the Scottish Government.
- **Value:** £25.8 million
- **Take-up:** 2,808 awards
- **Status:** Closed 25<sup>th</sup> February 2021.

2,817 awards have been successful through the same out of 3,478 applications, an award rate of 81%. A total of £25,800,000 has been paid out through the scheme to date to 2,808 awards. The average amount awarded was £9,188.

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<sup>97</sup> Data as at 25 June 2021.

## Mobile and Home Based Close Contact Services Fund<sup>98</sup>

- **What is it?** The fund is for owners and operators of mobile and home-based close contact service businesses and for registered driving instructors. It is not for employees of those businesses. Eligible applicants will receive a one-off £4,000 payment.
- **Value:** £35.7 million
- **Take-up:** 8,940 businesses
- **Status:** Closed 23 March 2021.

8,940 businesses have been paid through the same out of 10,033 applications, an award rate of 89%. A total of £35,700,000 has been paid out through the scheme to date.

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<sup>98</sup> Data as at 25 June 2021.

## Events Industry Support Fund (first round)<sup>99</sup>

- **What is it?** The Events Industry Support Fund and Events Industry Support Fund 2 were set up to provide financial support to event businesses, particularly those in the industry's supply chain, as they dealt with the ongoing impact of COVID-19. The funding was administered by VisitScotland on behalf of the Scottish Government.
- **Value:** £5 million
- **Take-up:** 505 awards
- **Status:** Both rounds closed - 1<sup>st</sup> round closed 14 September 2020 and 2<sup>nd</sup> Round 26 February 2021.

The following data refers to the first round of the events industry support fund. 505 awards have been paid through the same out of 833 applications, an award rate of 61%. A total of £5,000,000 has been paid out through the scheme to date out of the allocated £6,000,000. An average amount of £9,900 was awarded.

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<sup>99</sup> Data as at 25 June 2021.

## Visitor Attractions Support Fund<sup>100</sup>

- **What is it?** £10 million fund delivered by VisitScotland on behalf of Scottish Government and was developed with input from the Association of Scottish Visitor Attractions (ASVA). Aim to support Scottish businesses in the attractions sector that have been severely affected by the impact of the COVID-19 pandemic, to help keep them in business while restrictions on opening and travel are still in place, and to support them to prepare for reopening in 2021 when restrictions are lifted.

This fund was open to visitor attractions with an annual turnover in excess of £10,000. A range of award amounts to be awarded under this Fund, up to a maximum of up to £50,000 per Visitor Attraction, depending on the level of turnover for that Visitor Attraction

- **Value:** £9.7 million
- **Take-up:** 340 businesses
- **Status:** Closed 19<sup>th</sup> February 2021.

340 awards have been paid through the same out of 407 applications, an award rate of 84%. A total of £9,700,000 has been paid out through the scheme to date. The average amount awarded was £28,529.

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<sup>100</sup> As above.

## Scotland Coach Operators COVID-19 Business Support and Continuity Fund<sup>101</sup>

- **What is it?** Fund to provide financial support for Scottish based businesses in the coach operator sector critical to Scotland's tourism economy and for businesses who didn't meet the criteria for the previous coaches fund. The Fund was designed to support businesses that are facing hardship due to the impact of the pandemic to keep them in business while restrictions on travel are still in place, and to support them to prepare for recommencing operations when restrictions are lifted. It will provide targeted support to those businesses who are operating the newest and most environmentally friendly vehicle fleet. The Fund was delivered in two strands on behalf of SG by Visit Scotland, with development input from the Confederation of Passenger Transport. The amount awarded to each applicant was determined by the eligibility criteria and businesses could not receive both strands.
- **Value:** £8.4 million
- **Take-up:** 117 businesses
- **Status:** 1<sup>st</sup> strand closed 23<sup>rd</sup> February and 2<sup>nd</sup> strand closed 30<sup>th</sup> June 2021.

117 awards have been paid through the same out of 147 applications, an award rate of 80%. A total of £8,400,000 has been paid out through the scheme to date with an average award value of £72,649.

The following data relates to strand one of the fund:

Award amounts ranged from £4,500 to £700,000 under the first strand of the Coach Operators COVID-19 Business Support and Continuity Fund. By organisation, the largest grant worth £700,000 went to Parks of Hamilton (Coach Hirers) Ltd. This was followed by £339,000 to Maynes Coaches Ltd and £327,000 to Edinburgh Coach Lines Ltd. Value awarded by organisation can be found here: [Scotland's coach tourism & coach private hire sector fund - COVID-19 | VisitScotland.org](#).

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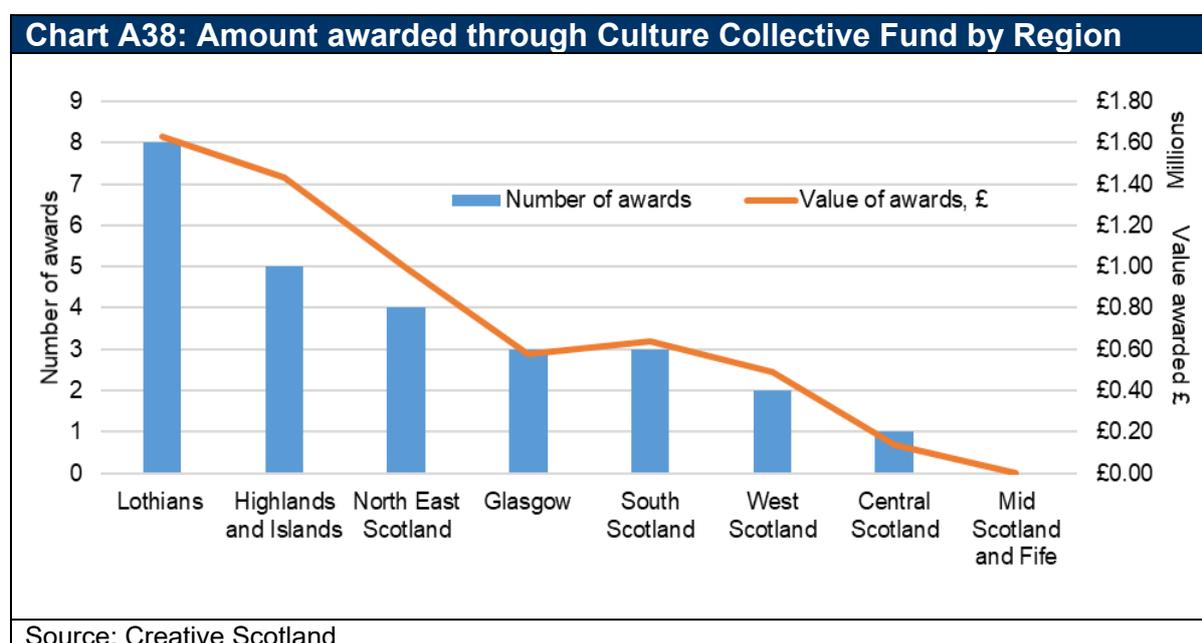
<sup>101</sup> Data as at 25 June 2021.

## Culture Collective Fund<sup>102</sup>

- **What is it?** Fund to support a network of creative practitioners, organisations and communities in response to Covid-19 to provide employment opportunities. Organisations based in Scotland whose work involves the arts, screen and creative industries. Funds are to develop and deliver creative projects with communities. No strict definition of the type of activity which can be supported. Applicants should demonstrate a significant track record of working with the communities they are seeking to reach. All applicants must be not-for-profit.
- **Value:** £5.9 million
- **Take-up:** 26 awards
- **Status:** Closed 16<sup>th</sup> December 2020.

26 awards have been paid through the same out of 64 applications, an award rate of 41%. A total of £5,891,553 has been paid out through the scheme to date with an average award value of £226,598.

**By region**, the greatest share of funding went to Lothians (31% by number of awards and 28% by value), followed by Highlands and Islands (19% by number of awards and 24% by value). Excluding Mid Scotland and Fife region that received no funding through this scheme, Central Scotland received the smallest share of funding (4% by number of awards and 2% by value).



<sup>102</sup> Data as at 25 June 2021.

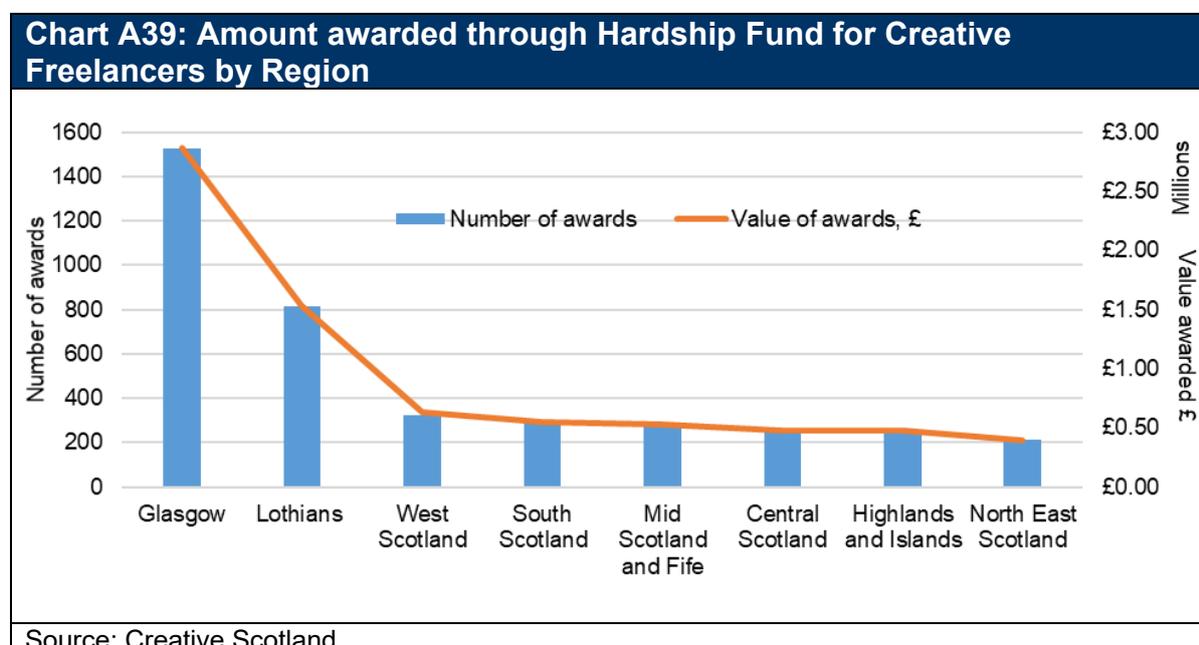
## Hardship Fund Creative Freelancers<sup>103</sup>

- **What is it?** The Scottish Government committed £17m through Creative Scotland and Screen Scotland for creative freelancers who are experiencing hardship due to lost income from work and/or practice in the creative sector due to COVID-19. The funds offer a one-off monetary contribution to those who are most deeply impacted and disadvantaged by the cancellation of work. £8m was administered between October 2020 and February 2021. A further £9m was administered in March 2021. Bursaries can be requested for any sum from £500 – £2000. For the latest round, as well as supporting new applicants, previous recipients of the fund who have been awarded funding can also apply again for a further award of up to £2k.
- **Value:** £16.8 million
- **Take-up:** 4,639 awards
- **Status:** Closed 22 March 2021.

4,639 awards have been paid through the same out of 4,816 applications, an award rate of 96%. A total of £16,800,000 has been paid out through the scheme to date with an average award value of £3,621.

The following data is for the funding administered between October 2020 and February 2021:

**By region**, the greatest share of funding went to Glasgow (39% by number of awards and 38% by value). North East Scotland received the smallest share of funding through the scheme (both 5%).



<sup>103</sup> Data as at 25 June 2021.

## Cultural Organisations and Venues Recovery Fund

- **What is it?** This fund is part of the package of COVID-19 support established by the Scottish Government and delivered by Creative Scotland to help support organisations that are vital to the cultural life of Scotland and require funding to help prevent insolvency and/or significant job losses due to the impact of COVID-19. Applicant companies or sole traders need to have been working in Scotland's culture sector before April 2019 and be at significant threat of insolvency or significant job losses as a result of COVID-19 restrictions. Those awarded up to £150k in the first round of this fund could apply for support in the second round, up to a maximum of £75k. Those awarded over £150k in the first round of this fund could apply for support up to a maximum of £125k in second round.
- **Value:** £13.2 million
- **Take-up:** 233 awards
- **Status:** 2<sup>nd</sup> round closed 24<sup>th</sup> June 2021.

233 awards have been paid through the same out of 348 applications, an award rate of 67%. A total of £13,200,000 has been paid out through the scheme as at 25<sup>th</sup> June 2021. The average amount awarded was £56,652.

### The following data is for round 1 of the scheme as at 5<sup>th</sup> November 2020:

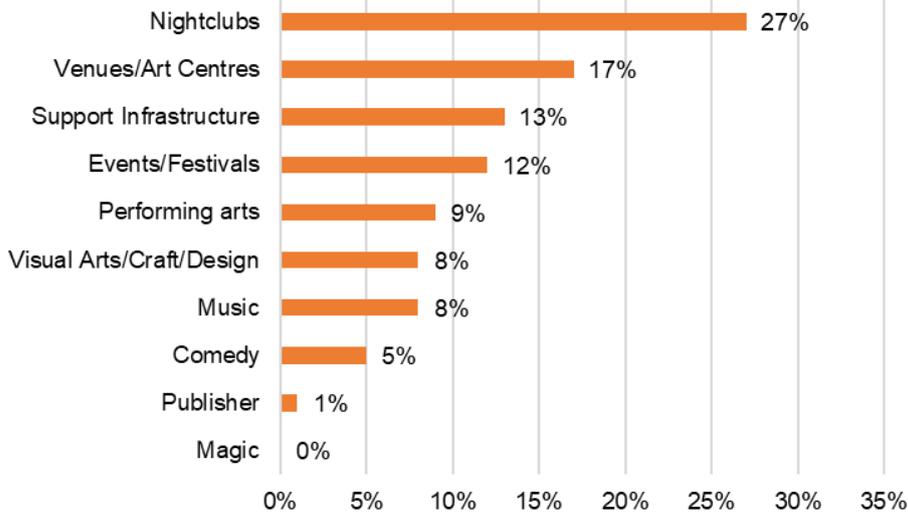
203 organisations and venues across Scotland have received a total of £11,751,844 in emergency support through the first round of the scheme as at 5 November 2020.

**By creative sector**, the greatest share of value of funding went to the Nightclub sector (27%), which received 33 awards worth £3,151,288. This was followed by the Venues/ Art Centres (17%), Support Infrastructure (13%) and Events/ Festivals (12%). Businesses in the Magic sector received the smallest share of funding (0.002%) worth £23,199. Publishing businesses received the largest average award (£113,000) compared to average £57,891.

**By local authority**, Glasgow City (38%) and City of Edinburgh (26%) received the greatest share of value of funding. 71 awards were successful in Glasgow City worth £4,512,618 and 46 were awarded in City of Edinburgh worth £3,104,740. Orkney Islands received the smallest share of funding (0.1%) worth £10,000 to one award. Renfrewshire received the largest average award (£108,000) compared to average £57,891.

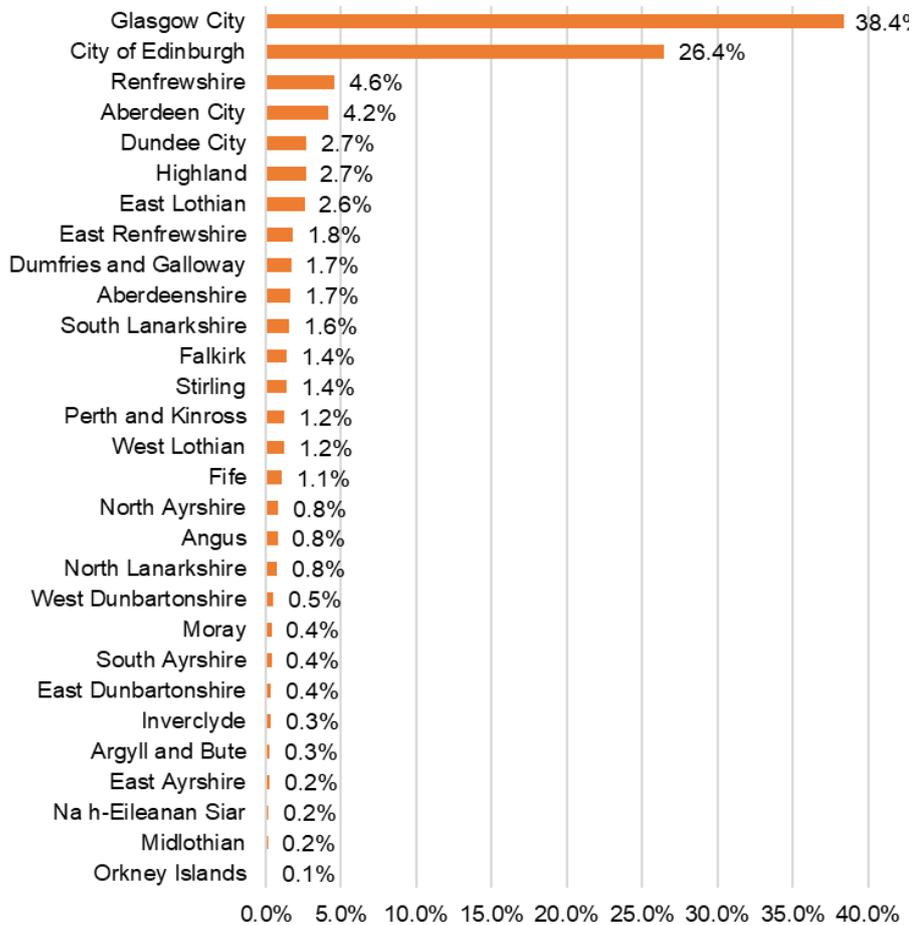
**By organisation**, the largest awards went to Margaret McIver Ltd (Barrowlands), Salt 'n' Sauce Promotions Ltd. (The Stand) and Skerryvore Ltd (Oran More) all worth £250,000 and located either in Glasgow City or City of Edinburgh.

**Chart A40: Share of value awarded through the cultural organisations and venues recovery fund by sector**



Source: Creative Scotland - data as at 5<sup>th</sup> Nov 2020

**Chart A41: Share of value awarded through the cultural organisations and venues recovery fund by Local Authority**



Source: Creative Scotland - data as at 5<sup>th</sup> Nov 2020

## Tour Operators Fund (inc. international inbound and larger domestic operators)<sup>104</sup>

- **What is it?** The £15 million fund was delivered by VisitScotland on behalf of the Scottish Government to help businesses in the tourism and hospitality sector to survive the impacts of the Covid-19 pandemic. A two-strand approach to grant funding was delivered to support this sector:
  - (a) Scotland Inbound Tour Operators - COVID-19 Business Support and Continuity Fund** - specifically support Scottish based businesses in the International Inbound tour operator sector that are facing hardship. Grant award calculated by businesses' revenue and capped at £700,000 per business.
  - (b) Scotland Day Tour Operators - COVID-19 Business Support and Continuity Fund** - specifically support Scottish based businesses in the day and multi-day tour operator sector that are facing hardship. Grant award calculated by businesses' turnover and capped at £40,000 per business.
- **Value:** £14.2 million
- **Take-up:** 189 businesses
- **Status:** Inbound scheme closed 18<sup>th</sup> March 2021 and Day Tour scheme closed 11<sup>th</sup> March 2021.

189 awards have been paid through the same out of 278 applications, an award rate of 68%. A total of £14,200,000 has been paid out through the scheme to date with an average award value of £75,132.

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<sup>104</sup> Data as at 25 June 2021.

## Pivotal Event Businesses Fund<sup>105</sup>

- **What is it?** Fund delivered by VisitScotland on behalf of the Scottish Government and was developed in consultation with the Event Industry Advisory Group. The fund was open to event businesses whose primary role as organisers, suppliers, contractors and venues is critical to the survival of the events sector in Scotland, and upon whom the wider events industry and supply chain are most reliant for their own business and operations. Funding was prioritised towards those businesses that could evidence and demonstrate that they play a pivotal role across the events industry in Scotland and are in financial difficulty as a direct result of COVID-19. Applicants could apply for grants from £25,000 up to a maximum £150,000.
- **Value:** £11.1 million
- **Take-up:** 103 businesses
- **Status:** Closed 22<sup>nd</sup> December 2020.

103 awards have been paid through the same out of 129 applications, an award rate of 80%. A total of £11,100,000 has been paid out through the scheme to date with an average value of £107,767 awarded.

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<sup>105</sup> Data as at 25 June 2021.

## Scottish Government Performing Arts Venues Relief Fund<sup>106</sup>

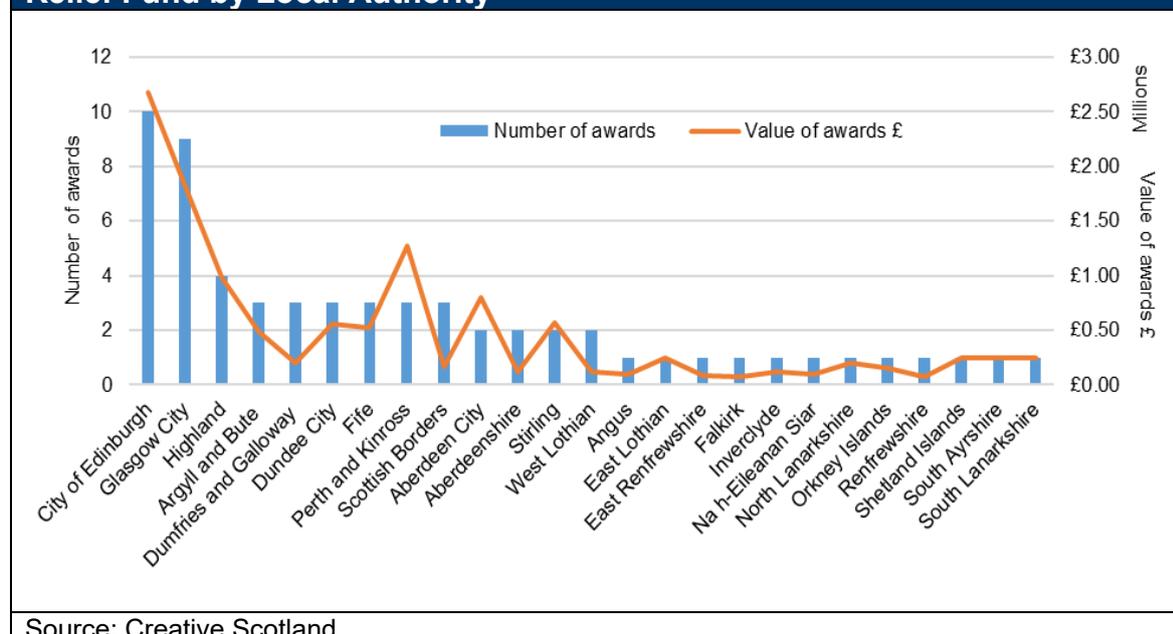
- **What is it?** Fund is to provide performing arts venues in Scotland with emergency funding that will allow them to remain solvent, will support the return of staff from furlough, and will provide support for new artistic commissions from freelance artists. Delivered through Creative Scotland.
- **Value:** £12.2 million
- **Take-up:** 79 awards
- **Status:** Closed in 2020.

79 awards have been paid has been paid out through the scheme to date, a total value of £12,200,000. The average value of grant awarded was £154,430.

£7.5 million was awarded to 20 venues through the first round of the scheme and a further 59 venues received £4.74 million through the second round (note that venues could receive funding from both rounds). The amount awarded ranged from £20,000 to £750,000 across the two rounds. The largest award of £750,000 went to three venues respectively; Aberdeen Performing Arts, Eden Court Theatre and Cinema, and the Royal Lyceum Theatre Company.

By **local authority**, City of Edinburgh (16% of total awards and 22% of value) and Glasgow City (both 15%) received the greatest share of awards and value awarded. Renfrewshire received the smallest share of funding accounting for 2% of awards and 1% of funding.

**Chart A42: Share of value awarded through the Performing Arts Venues Relief Fund by Local Authority**



<sup>106</sup> Data as at 25 June 2021.

## Scottish Wholesale Food and Drink Resilience Fund<sup>107</sup>

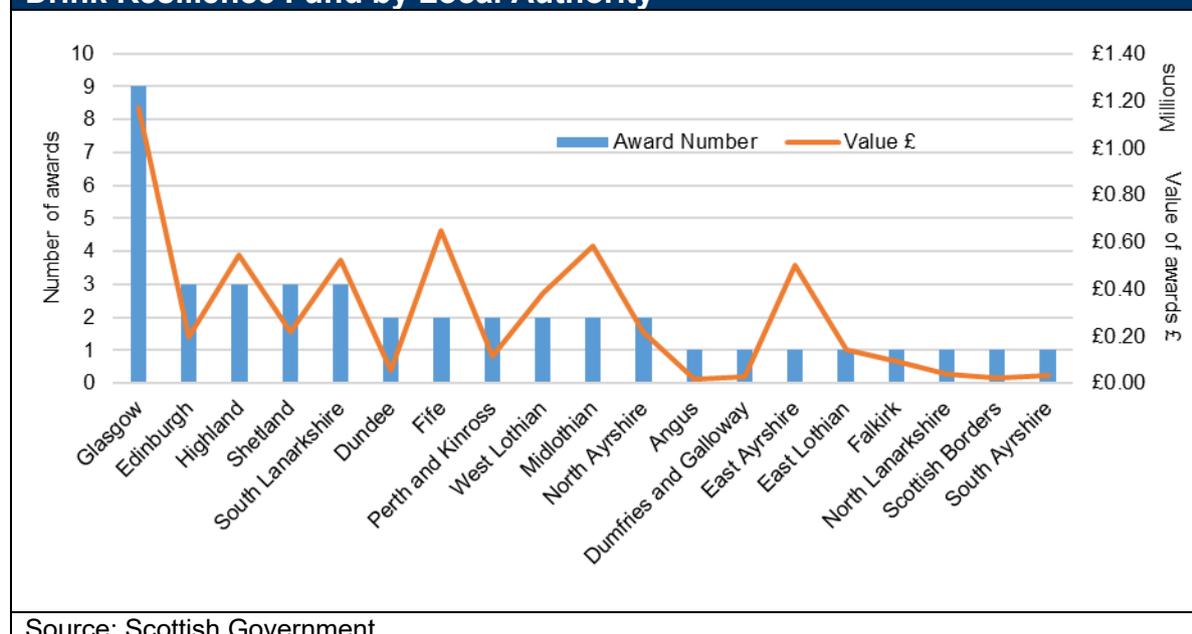
- **What is it?** Fund provided grants to Scottish food and drink wholesalers suffering hardship as a result of the coronavirus pandemic. The level of grant varied depending on the business and the application.
- **Value:** £5.5 million
- **Take-up:** 41 businesses
- **Status:** Closed December 13 2020.

41 awards have been paid through the same out of 113 applications, an award rate of 36%. A total of £5,527,019 has been paid out through the scheme to date. The average value of grant awarded was £134,146.

The grants awarded ranged from approx. £5,000 to £500,000. The largest grants awarded were £500,000 respectively to five companies in Scotland: William Morton Ltd t/a Inverarity Morton, Allson (Sparkle) Ltd t/a Allson Wholesale, Dunns Food & Drinks Ltd, Braehead Foods, and JB Foods (Scotland) Ltd. You can find grants awarded by company here: [Coronavirus \(COVID-19\): Scottish Wholesale Food and Drink Resilience Fund - gov.scot \(www.gov.scot\)](https://www.gov.scot/Topics/Coronavirus/COVID-19/Scottish-Wholesale-Food-and-Drink-Resilience-Fund).

By **local authority**, the greatest share of awards and funding went to Glasgow (22% of total awards and 21% of value). Scottish Borders received the smallest share of funding (2% of total awards and 0.3% of value).

**Chart A43: Amount awarded through the Scottish Wholesale Food and Drink Resilience Fund by Local Authority**



<sup>107</sup> Data as at 25 June 2021.

## Fisheries and Seafood Support Funds

968 applications awarded and £14.2 million paid out across the two funds.

### (a) Sea Fisheries Intervention Fund<sup>108</sup>

- **What is it?** Emergency hardship grant support for fishing vessels impacted by the COVID-19 outbreak. For those eligible, an initial payment of 50% of two months' average vessel earnings is made (grant capped at a maximum of £27,000).
- **Value:** £8.4m paid out in total.
- **Take-up:** 836 fishing vessels supported.
- **Status:** Scheme closed beginning of June 2020.

836 awards have been paid through the same out of 867 applications, an award rate of 96%. A total of £8,400,000 was paid out through the scheme. The average value of grant awarded was £10,048.

The following data is at 8<sup>th</sup> June 2020:

There were 606 successful applications for the under 12 metres vessels support, worth £4.9 million. The application success rate was 96%. The average (mean) amount awarded was £8,085.81. There were 195 successful applications for the over 12 metres vessels support, worth £3.2 million. The average (mean) amount awarded was £16,410.26.

The award rate was high for both types of vessels: 98.9% for under 12 metres vessels and 98.5% for over 12 metres vessels.

### (b) Scottish Seafood Business Resilience Fund<sup>109</sup>

- **What is it?** Grant support for seafood processing businesses encountering severe hardship as a consequence of the COVID-19 pandemic and resulting collapse of export markets.
- **Value:** £5.8m paid out (up to £10m available)
- **Take up:** 132 businesses paid.
- **Status:** Scheme now closed.

The Fund provided over £5.8 million in grant funding to 132 businesses, reaching virtually all of the 130-140 seafood processing businesses in Scotland. The average (mean) amount paid was £44,124.61.

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<sup>108</sup> Data as at 25 June 2021.

<sup>109</sup> Data represent final figures. Scheme now closed.

## Creative Scotland and Screen Scotland Bridging Bursary Funds<sup>110</sup>

- **What is it?** Grant support between £500 and £2,500 to help sustain freelance creative professionals or self-employed screen practitioners who have lost earnings due to the cancellation of work as a result of COVID-19.
- **Value:** £4.3m paid out (Available: £3m Creative Scotland Bridging Bursary Fund and £1.5m Screen Scotland Bridging Bursary Fund)
- **Take up:** 2,293 freelancers have been paid grants.
- **Status:** Schemes now closed.

Across the two funds, 2,831 applications had been received across Scotland, with 2,293 grants awarded with a total value of £4.3 million, an award rate of 81%. The average (mean) amount awarded was £1,876.

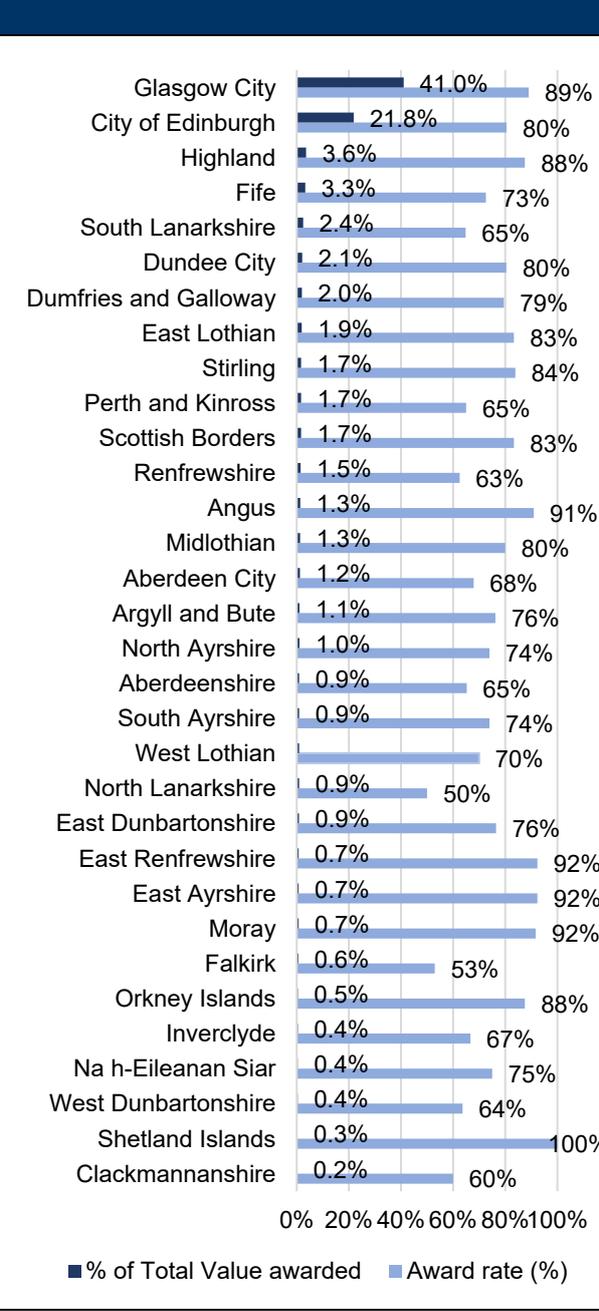
In terms of Creative Scotland Bridging Bursary Fund, Glasgow City (41%) and City of Edinburgh (22%) accounted for almost two thirds of the total value awarded. North Lanarkshire (50%) saw the lowest award rate. The award rate for freelancers in LAs classed as rural (80%) was broadly in line with freelancers in LAs classed as urban (82%). By art form, Music (30%) accounted for the greatest proportion of grants awarded by value, followed by visual Arts (25%). Visual Arts had the highest award rate (92%) whereas Digital (35%) and Other art forms (17%) saw the lowest award rates.

In terms of the Screen Scotland Bridging Bursary Fund, Glasgow City (49%) accounted for half of value awarded. The award rate was higher for freelancers in LAs classed as urban (82%) than for those in LAs classed as rural (77%). By art form, TV Development or Production (29%) and TV (28%) accounted for the greatest proportion of grants awarded by value. Screen Education has the highest award rate at 88% while Exhibition had the lowest at 50%.

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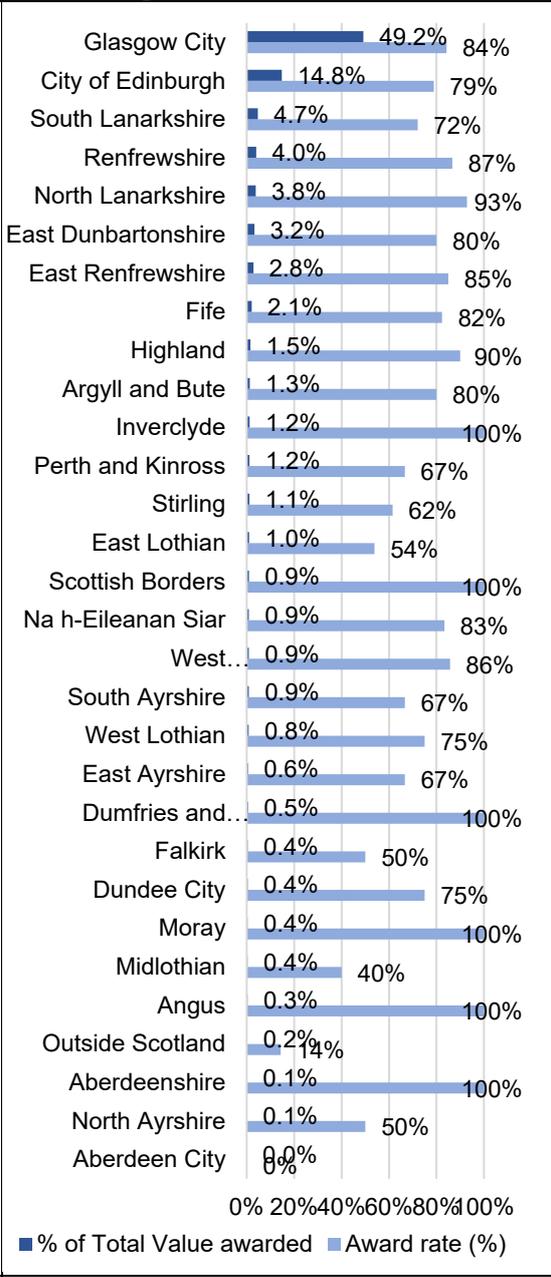
<sup>110</sup> Data for phase 1 of funding 27 March – 2 April 2020 and phase 2 20 April – 25 April of the Creative Scotland Bridging Bursary. The Screen Scotland Bridging bursary data covers 30 March – 20 May.

**Chart A44: Creative Scotland Bridging Bursary Awards by Local Authority**



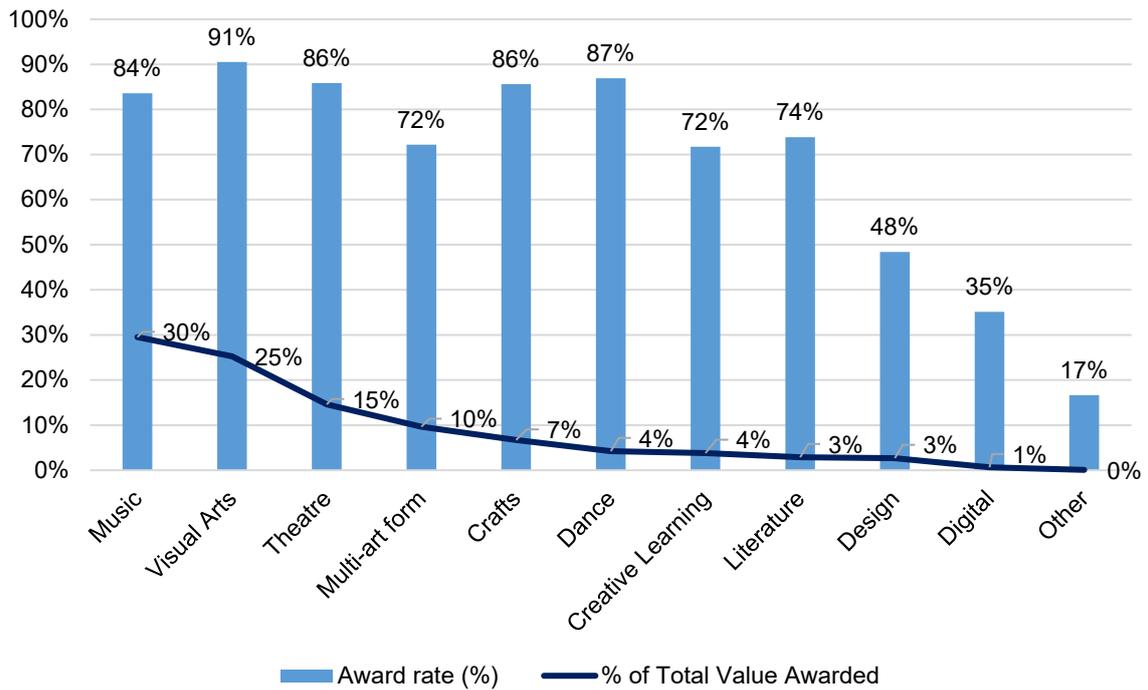
Source: Creative Scotland

**Chart A45: Screen Scotland Bridging Bursary Awards by Local Authority**



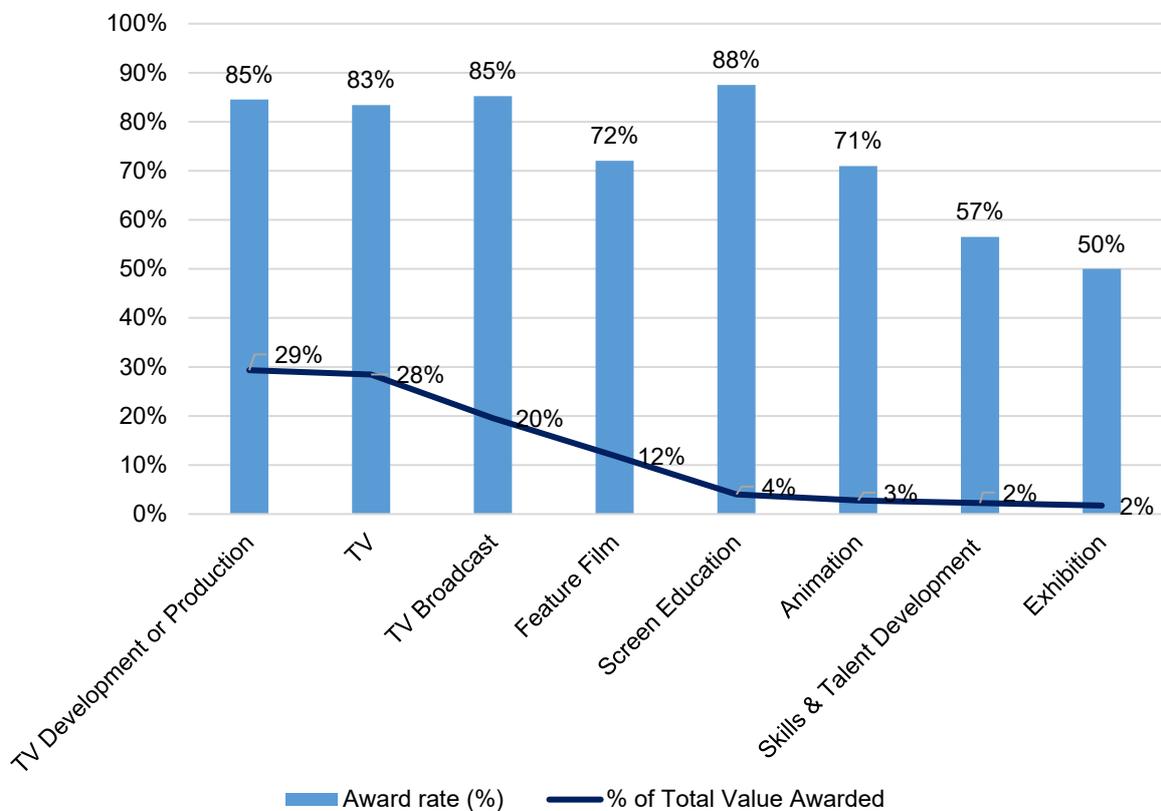
Source: Screen Scotland

**Chart A46: Creative Scotland Bridging Bursary awards by art form**



Source: Creative Scotland

**Chart A47: Screen Scotland Bridging Bursary awards by art form**



Source: Screen Scotland

## Annex 2: OCEA Strategic Framework Sectoral Viability Model Results on Impact on Profitability of Business Support Fund Grants and Sector Specific Grants (where applicable)

At the time of analysis, the extent to which the Strategic Framework Sectoral Viability Model is able to be used to analyse impact of SG grant schemes is relatively limited. However, we can look at the value of key grant schemes in the context of the modelled profitability of the average business by sector and size. Data on take-up of SG grant schemes by sector is improving, and should allow for full sector level modelling of impact for the next iteration of this evaluation.

Tables A10, A11 and A12 show, for the £10,000 small business grant (separate tables are provided for micro and small firms) and the £25,000 retail, hospitality leisure grant separately, the modelled impact of support on the profitability of the average firm in each sector. Each table shows for the average firm in each sector: pre-COVID-19 profitability, profitability with no government support in place, and profitability in the with support from the Business Support Fund (note that this is without the support of CJRS and NDR relief).

**Table A10: Impact of £10,000 Business Support Fund Grant on the average micro business in each sector**

Modelled Profitability by Sector - March 2020 to May 2021 - Average Micro Business			
	Pre-Covid (£m)	No Support (£m)	BSFG (£10K)
Agriculture, forestry and fishing	64,766	59,564	69,564
Mining and quarrying	3,487,592	2,716,137	2,726,137
Manufacturing	89,651	70,636	80,636
Construction	102,370	68,521	78,521
Wholesale, retail, repair of vehicles	67,704	55,303	65,303
Transport and storage	107,073	46,612	56,612
Accommodation and food services	29,563	- 21,110	- 11,110
Information and communication	71,015	61,736	71,736
Prof, scientific, technical activ.	77,293	66,652	76,652
Admin and support services	95,058	61,050	71,050
Other service activities	59,055	- 3,159	6,841

Source: OCEA Strategic Framework Viability Model

**Table A11: Impact of £10,000 Business Support Fund Grant on the average small business in each sector**

<b>Modelled Profitability by Sector - March 2020 to May 2021 - Average Small Business Business</b>			
	<b>Pre-Covid (£m)</b>	<b>No Support (£m)</b>	<b>BSFG (£10K)</b>
Agriculture, forestry and fishing	562,048	510,221	520,221
Mining and quarrying	19,545,888	14,333,840	14,343,840
Manufacturing	683,941	533,661	543,661
Construction	751,328	475,713	485,713
Wholesale, retail, repair of vehicles	549,371	449,088	459,088
Transport and storage	687,049	279,657	289,657
Accommodation and food services	149,583	- 93,410	- 83,410
Information and communication	764,165	641,384	651,384
Prof, scientific, technical activ.	704,424	597,189	607,189
Admin and support services	907,949	607,144	617,144
Other service activities	205,145	- 91,110	- 81,110

Source: OCEA Strategic Framework Viability Model

**Table A12: Impact of £25,000 Business Support Fund Grant on the average micro, small and medium-sized business in the Retail, Hospitality and Leisure sectors**

<b>Modelled Profitability by Sector - March 2020 to May 2021 - Average Retail, Hospitality, Leisure Businesses</b>				
<b>Size</b>	<b>Sector</b>	<b>Pre-Covid (£m)</b>	<b>No Support (£m)</b>	<b>BSFG (£25K)</b>
All	Wholesale, retail, repair of vehicles	305,444	232,084	257,084
	Accommodation and food services	132,306	- 85,424	- 60,424
Micro	Wholesale, retail, repair of vehicles	67,704	55,303	80,303
	Accommodation and food services	29,563	- 21,110	3,890
Small	Wholesale, retail, repair of vehicles	549,371	449,088	474,088
	Accommodation and food services	149,583	- 93,410	- 68,410
Medium	Wholesale, retail, repair of vehicles	2,598,204	1,989,909	2,014,909
	Accommodation and food services	1,052,440	- 461,567	- 436,567

Source: OCEA Strategic Framework Viability Model

### Annex 3: RESAS Classification of Urban and Rural Local Authorities

The RESAS Classification classifies local authorities according to their level of rurality and establishes four different groups, which are labelled as "Islands and Remote", "Mainly Rural", "Urban with Substantial Rural" and "Larger Cities". The "Islands and Remote" and "Mainly Rural" categories are classed as "Rural". The "Urban with Substantial Rural" and "Larger Cities" categories are classed as "Urban".

Urban/Rural	RESAS Classification	Local Authority
Rural	Islands and Remote	Argyll and Bute
		Na h-Eileanan Siar
		Orkney Islands
		Shetland Islands
	Mainly Rural	Aberdeenshire
		Angus
		Clackmannanshire
		Dumfries and Galloway
		East Ayrshire
		East Lothian
		Highland
		Moray
		Perth and Kinross
		Scottish Borders
South Ayrshire		
Urban	Urban and Substantial Rural	East Dunbartonshire
		East Renfrewshire
		Falkirk
		Fife
		Inverclyde
		Midlothian
		North Ayrshire
		North Lanarkshire
		Renfrewshire
		South Lanarkshire
		Stirling
		West Dunbartonshire
		West Lothian
	Larger Cities	Aberdeen City
		City of Edinburgh
		Dundee City
		Glasgow City

## Annex 4: Registered Private Sector Businesses in Scotland as at March 2020 by Local Authority

	Number of businesses (all sectors)	Percentage of total businesses (all sectors)	Number of businesses (Accommodation & Food Services and Arts, Entertainment & Recreation)	Percentage of total businesses (Accommodation & Food Service Activities and Arts, Entertainment & Recreation)
<b>Glasgow City</b>	20,965	12%	2,465	13%
<b>City of Edinburgh</b>	20,715	12%	2,430	13%
<b>Aberdeenshire</b>	14,200	8%	850	5%
<b>Highland</b>	11,480	6%	1,480	8%
<b>Fife</b>	10,460	6%	1,115	6%
<b>South Lanarkshire</b>	9,645	5%	875	5%
<b>Aberdeen City</b>	9,555	5%	685	4%
<b>North Lanarkshire</b>	8,390	5%	780	4%
<b>Dumfries and Galloway</b>	6,685	4%	715	4%
<b>Perth and Kinross</b>	6,585	4%	770	4%
<b>West Lothian</b>	5,300	3%	450	2%
<b>Scottish Borders</b>	5,275	3%	530	3%
<b>Renfrewshire</b>	5,255	3%	525	3%
<b>Stirling</b>	4,305	2%	475	3%
<b>Falkirk</b>	4,215	2%	405	2%
<b>Angus</b>	4,155	2%	415	2%
<b>Argyll and Bute</b>	4,040	2%	635	3%
<b>Dundee City</b>	3,925	2%	490	3%
<b>South Ayrshire</b>	3,840	2%	445	2%
<b>North Ayrshire</b>	3,570	2%	485	3%
<b>Moray</b>	3,565	2%	380	2%
<b>East Ayrshire</b>	3,550	2%	355	2%
<b>East Lothian</b>	3,410	2%	385	2%
<b>East Dunbartonshire</b>	3,145	2%	265	1%
<b>East Renfrewshire</b>	2,790	2%	235	1%
<b>Midlothian</b>	2,720	2%	245	1%
<b>West Dunbartonshire</b>	2,185	1%	280	2%
<b>Inverclyde</b>	1,805	1%	205	1%
<b>Shetland Islands</b>	1,580	1%	100	1%
<b>Orkney Islands</b>	1,535	1%	105	1%
<b>Clackmannanshire</b>	1,250	1%	150	1%
<b>Na h-Eileanan Siar</b>	1,250	1%	130	1%
<b>Scotland Total</b>	<b>179,460</b>	<b>100%</b>	<b>18,605</b>	<b>100%</b>

Source: Scottish Government, Businesses in Scotland 2020. Notes: Data is for registered private sector businesses. Each business is counted once in each local authority it operates in. The sum of the local authority businesses do not equal the overall Scotland totals because each business is only counted once in the Scotland figures.



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EH1 3DG

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