28 May 2020

Dear Convener,

WRITTEN UPDATE ON SCOTTISH GOVERNMENT’S RESPONSE TO COVID-19

Further to my letter of 24th April about measures to support the cultural sector during the current emergency and my evidence to the committee on 21st May, I am pleased to update you on the latest developments since then as set out in the attached written update.

FIONA HYSLOP
INTRODUCTION

Since my last update on 24th of April our approach to supporting businesses continues to be tailored to meeting Scotland’s economic needs.

PROVISION FOR BUSINESS SUPPORT INCREASED TO £2.3 BILLION

As the latest UK GDP figures show, as well as being a public health crisis the Covid-19 pandemic is also an economic crisis. That is why the Scottish Government has acted quickly to make funds available to support businesses that are fundamental to our economy.

Just as our approach to the health issues with this pandemic are tailored to Scotland’s public health needs, our approach to supporting businesses is tailored to Scotland’s economic needs.

That is why we have developed a package of measures that reflects that Scotland’s economy is different to the rest of the UK.

We also continue to support Scotland’s businesses by passing on every penny we receive from the UK Government for this purpose, and more, directly to businesses.

Our package for businesses support now totals £2.3bn. This includes four elements:

In summary these are:
- Our £875 million package of rates relief measures;
- Our Small Business and Retail, Hospitality and Leisure Grant Schemes, which are worth over £1.2 billion;
- Our £185 million additional support fund; and
- Our £22.5 million package of seafood/fisheries measures.

On the 30th of April I confirmed that the newly self-employed suffering hardship, and small and medium sized businesses (SMEs) in distress, can apply for help from a £100 million package of additional grant support.

On the 8th of May the First Minister announced a further investment of £45m, and on 20th of May I announced an additional £40m, so this package is now a £185 million package and comprises:

- **£34 million Newly Self-Employed Hardship Fund**, managed by Local Authorities, has been allocated to the newly self-employed who are ineligible for UK support (as they became self-employed since April 2019) but are facing hardship with £2,000 grants.

- **£120 million Pivotal Enterprise Resilience Fund**, managed by the Enterprise Agencies providing bespoke grants and wrap around business support to viable but vulnerable SMEs who are vital to the local or national economic foundations of Scotland.
- **£30 million Creative, Tourism & Hospitality Enterprises Hardship Fund**, managed by the Enterprise Agencies in partnership with Creative Scotland and VisitScotland for small and micro creative, tourism and hospitality companies with grants of up to £25K.

This funding is intended to relieve the hardship of individuals and smaller firms that are ineligible for support from the UK Government or are not in receipt yet of the funds they need to survive. Our hospitality, tourism and creative sectors have been decimated by this crisis and previously profitable businesses have seen demand dry up overnight.

However, because of the decisions the Scottish Government has taken, thousands more self-employed people and small businesses will be able to benefit from support compared with elsewhere, and we have been able to help sectors of the economy that are not being supported in other parts of the UK.

The increase in the Pivotal Enterprise Resilience Fund from £45m to £120m to provide grants for small and medium-sized businesses affected by coronavirus (COVID-19) will help meet existing demand.

The aim of the fund, which is managed by Scottish Enterprise, Highlands and Islands Enterprise, and South of Scotland Enterprise, is to provide grants to SMEs which are vital to Scotland’s local or national economy but have been made vulnerable by this crisis.

Our creative, tourism and hospitality sector is one where we know there are particular pressures, so we have also increased the Creative, Tourism & Hospitality Enterprises Hardship Fund by £10 million

The purpose of this fund is to provide support to small and micro creative, tourism and hospitality companies not in receipt of business rates relief with grants of up to £25K.

Due to the level of applications received both funds were closed on 18th May. The Newly Self-Employed Hardship Fund remains open. Payments will still be made to businesses within 10 working days of receiving completed applications and the two hardship funds for the newly self-employed and the creative, tourism and hospitality sectors remain open for applications.

This extra funding is a direct response to feedback from businesses. It demonstrates our determination to support pivotal businesses which are suffering, through no fault of their own.

This package of funding will reach businesses in need - at pace - and continues our commitment to ensure every penny of the additional business money that has come to Scotland is passed on to support our economy.

We are also providing £1m to top up Creative Scotland’s Bridging Bursaries in the not-for-profit sector, which opened for applications at the end of April and which have now closed.

As at 25th May, the two Bridging Bursaries schemes have made payments of £3.98m to over 2100 individuals and organisations in the creative sector.

As at 25th May Creative Scotland had received 2017 applications to the Arts and Creative Bursary, 1637 had been approved and £2.9 million had been paid. In addition as at 25th May Creative Scotland had received 813 applications to the Screen Bursary, 549 had been approved and more than £1.06m had been paid.
Details of support for businesses are available at the Find Business Support website which is available at the following link: https://findbusinesssupport.gov.scot. This is frequently updated with the latest information.
UK GOVERNMENT SUPPORT

Coronavirus Job Retention Scheme

All UK employers will be able to access support to continue paying part of their employees’ salary for those employees that would otherwise have been laid off during this crisis. This applies to employees who have been asked to stop working, but who are being kept on the payroll, called ‘furloughed workers’.

HMRC will reimburse 80% of furloughed workers’ wages, up to £2,500 per month. This is to safeguard workers from being made redundant. The Chancellor confirmed on 12th May that the Coronavirus Job Retention Scheme will cover the cost of wages backdated to 1 March and is in place until the end of October 2020.

Monitor the UK Government website. HMRC will set out more details shortly.

Coronavirus Bounce Back Loans

Small and Medium-sized businesses that have been negatively affected by coronavirus will be able to apply to the UK Government’s Bounce Back Loan scheme.

Eligible businesses will be able to borrow between £2,000 and £50,000. The UK Government will guarantee 100% of the loan and there will be no fees or interest to pay for the first 12 months. Businesses already claiming under the Coronavirus Business Interruption Loan Scheme (CBILS) will not be eligible.

The scheme is currently open. For more information, please see the UK Government website at: https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan

Self-Employment Income Support Scheme

Applications opened on 13th May for this support scheme for self-employed or members of partnerships who have been adversely affected by coronavirus (COVID-19). Further information is available at the following website: https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19

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