

# **Scottish Government update for Members of the Scottish Parliament and Members of Parliament**

## **Covid-19 Pandemic Support – Bulletin – 1 April 2020**

Whilst the Covid-19 pandemic is a public health crisis first and foremost, it is clearly having a significant economic impact. To alleviate the economic impacts on businesses and society, the Scottish Government has moved at unprecedented pace to put in place a range of schemes and measures. The purpose of this bulletin is to provide you with up to date information on these schemes and measures, so that you can effectively provide your constituents with accurate information and reassurances. Whilst some of these initiatives are the same in Scotland and the rest of the UK namely the Job Retention Scheme and Self-Employed support, there are other schemes that operate differently in Scotland because the tax base, the tax system and the needs are different.

A full list of business support can be found [here](#).

### **Business Grants**

The Scottish Government has been working closely with local government to deliver the business support grants which are available to small business ratepayers and to eligible properties in the retail, hospitality and leisure sectors.

These grants are being administered on our behalf by local authorities using the non-domestic rates valuation roll, and guidance for local authorities was issued this week and is published [here](#). Businesses can find links to apply until 31 March 2021 [here](#). Councils have committed to make payments within 10 days.

The £10,000 grants are distributed on the basis of eligibility for the Small Business Bonus Scheme or Rural Rates Relief. The thresholds are therefore different to the thresholds in England because the Small Business Bonus Scheme is more generous in Scotland. That means that a lot more small businesses are eligible for the £10,000 grant, that wouldn't be if we had adopted the same thresholds in England. Whilst this means that there might be some businesses who raise concerns that they are not eligible for the higher £25,000 grant as a result, there would be many more raising concerns if the thresholds were changed as it would in turn exclude others

Recognising the concerns raised by the tourism industry on behalf of self-caterers, the scheme has also been expanded to include self-catering properties and caravans where receipts represent a primary source (for example, one third or more) of earnings for the ratepayer and the property has been let out for 140 days or more in financial year 2019-20. This should capture the vast majority of ratepayers that have diversified into self-catering to supplement their income, particularly in rural areas.

It is expected that most business properties are registered on the Non Domestic Rates valuation roll. Those that are not, for good reason such as being a relatively new business, should raise that with Local Authorities in the first instance. Other businesses that operate from home such as some B&Bs or don't have a business property are not currently eligible for a grant. This is because we have used the Non Domestic Rates system to distribute funding as quickly as possible in light of the pressures on cash flow. We have not forgotten other businesses but are considering how best to support them.

Today the first instalment from the Scottish Government to each of Scotland's 32 Councils will be made to fund these grants, totalling £950 million. Local authorities already have received around 30,000 applications for these grants, which corresponds to over £350 million of grants payable direct to businesses.

### **Rates Relief**

As part of the Scottish Government's £2.2 billion plan to support businesses as they experience the impact of COVID-19, we are working with local authorities to provide rates relief to the retail, hospitality and leisure sectors, and the aviation industry to support them during the pandemic.

New regulations introduced to the Scottish Parliament confirm a 100% rates relief for these sectors for the whole of 2020-21. This will cover a wide range of businesses, including restaurants, bars, pubs, cafes, shops, cinemas, bingo halls and letting agents. In addition, a 1.6% rate relief for all properties across Scotland for 2020-21 is being rolled out.

This is automatic and there is no requirement to apply.

### **Essential work and key workers**

The Scottish Government has been clear that during this public health crisis, it is vital that all businesses must act responsibly and align fully with the social distancing measures introduced to protect the nation's health, well-being and economic future.

All individuals and businesses that are not being specifically required to close should consider a key set of questions, and at all times work on the precautionary basis:

- Is what you do essential or material to the effort against the virus or to the wellbeing of society?
- if so, can your staff work from home?
- if not can you practise safe social distancing and comply with ALL other standard health and safety requirements.

If the answer to none of the above questions is yes, our advice on a precautionary basis is to close.

Exceptionally, some more nuanced cases may arise and we will urgently establish a central Scottish Government function to provide advice and direction where needed. Further details will follow.

Fuller guidance is provided for businesses at;  
<https://www.gov.scot/publications/coronavirus-covid-19-business-and-social-distancing-guidance/>

Fuller guidance on Social Distancing is provided at;  
<https://www.gov.scot/publications/coronavirus-covid-19-staying-at-home-and-away-from-others-social-distancing/pages/overview/>

## **Furloughing**

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least three months starting from 1 March 2020; open to all UK employers that have created and started a PAYE payroll scheme on 28 February 2020, it is expected to be up and running by the end of April.

An employer can claim up to 80% of wages back from the UK government - with a maximum of £2,500 each month to support their workers who have been furloughed – and the employer has an option to top up the remaining 20%. Employers can re-employ staff in order to furlough them.

The UK Government published [further detailed guidance](#) of the scheme on 26th March 2020. HM Treasury has agreed that, as there are no restrictions on operating guidance, which differs between UK Government and Scottish Government, employers who are closed in Scotland but who remain open in England will still be able to claim grants for their workers furloughed in Scotland.

The Scottish Government wants to reassure businesses that we are working to get detailed information about the Coronavirus Job Retention Scheme so they can make well-informed decisions about the future of their workforce, and on 31 March the Cabinet Secretary for Finance wrote to Steve Barclay calling for written confirmation of eligibility for furloughed workers in Scotland.

## **Self-employment**

There are approximately 330,000 self-employed workers in Scotland who play a key role in the economy and they must not be left behind in the response to this crisis.

The Self-Employment Income Support Scheme is available to self-employed individuals or a member of a partnership who have submitted an Income Tax Self-Assessment tax return for the tax year 2018-19 and are still trading, or would be trading if it weren't for Covid-19.

Self-employed trading profits must be less than £50,000 and more than half of income should come from self-employment.

If somebody started trading between 2016-19, HMRC will only use those years for which a Self-Assessment tax return was filed.

Applicants will get a taxable grant which will be 80% of the average profits from the last three years, up to a maximum of £2,500 per month for 3 months. It will be paid directly into somebody's bank account, in one instalment.

HMRC will contact eligible applicants directly and invite them to apply online.

The UK Government's Self Employment Income Support Scheme is welcome, but concerns have understandably been raised about the administrative difficulties in making payments before June. The Scottish Government also estimates that there are about 60,000 sole-directors of limited companies, who will fall outside of the eligibility of the UK Government's Self Employment Income Support Scheme, and there are also likely to be at least 15,000 people who have entered into self-employment in the last year, and so would be ineligible for the scheme as they have not filed tax records for 2018-19.

We are reviewing the financial impact on self-employed people in that situation and the Finance Secretary has spoken to the Chief Secretary to Treasury to ask for those gaps to be filled. Please be assured that the Scottish Government will continue to consider what further support is required and will press the UK Government to address our concerns.

### **Costs**

Some business that are not eligible for any of the formal schemes as yet should still look at their cost base. Some options are:

- **Mortgages:** businesses can apply for a 6 month mortgage holiday, and should contact their lender for more information.
- **Banking services:** some banks are taking additional measures to help their customers during the pandemic; businesses should contact their own bank for more information.
- **Council Tax:** some businesses might be eligible for Council Tax Reduction; more information will be available from the relevant Local Authority.

### **Communities**

On 18 March, the Cabinet Secretary for Communities and Local Government announced £350 million of funding to support communities impacted by COVID-19. We are working at pace to get these funds established and ensure that investment can be made.

The Scottish Government has already made over £7 million worth of grants to trusted partners in order to increase capacity and respond to this crisis. This includes supporting Young Scot, Age Scotland and Cash for Kids.

### **Hardship fund**

Some funding is supported by Barnett consequential from the UK Budget for local authorities. UKG funding was for a hardship fund for councils, but in Scotland we already have the Scottish Welfare Fund. We are making this money - £50m -

available for use by Local Authorities as they see fit to respond flexibly to the pandemic, specifically to help people and communities. The Cabinet Secretary for Communities and Local Government wrote to local authorities on 20 March committing the full £50m with no restrictions. Local authorities can use the funds as they wish; there are no reporting requirements.

### **Increase to the Scottish Welfare Fund**

The [Scottish Welfare Fund](#) provides Crisis Grants to people who are facing an emergency or disaster, and Community Care Grants to help people establish or maintain a home in the community. This funding supports families and individuals in Scotland who require emergency aid, and the Scottish Government has now more than doubled the original £35.5m allocation with an extra £45m.

£22 million has already been distributed among local authorities according to the agreed Scottish Index of Multiple Deprivation model, with the remaining £23 million provided later, targeted to where it is most needed. We will work with COSLA and local authorities to establish a way of identifying those areas and distributing the additional funding accordingly.

### **Third Sector Resilience Fund**

The £20m [Third Sector Resilience Fund](#) supports third sector organisations at risk of closure due to a decrease in income, and those unable to deliver their services as a result of the pandemic. The fund launched to applications on 25 March; by 31 March the Fund has received just over 860 applications, with over £1.3m made in payments already.

### **Creative Scotland Bridging Bursary Fund**

Creative Scotland will offer bridging bursaries to freelance artists and creative practitioners who have lost earnings as a result of COVID-19 from 3 April. This will be a one-off bursary payment of between £500 and £2,500.

Applicants can find out more at the [Creative Scotland website](#).

### **Creative Scotland Open Fund**

Individuals and organisations can apply for funding up to £50,000 through Creative Scotland's Open Fund, to help support themselves during the pandemic.

Open Project is an existing fund supported by £7.5 million National Lottery funding. It has been repurposed to help applicants explore ways of working that will help them to adapt and respond to the current changing circumstances.

Applicants can find out more at the [Creative Scotland website](#).

### **Screen Scotland Bridging Bursary**

Freelance or self-employed screen practitioners who have lost income due to the pandemic can apply to the Bridging Bursary Fund. This is a one-off bursary of between £500 and £2,500, to act as a financial bridge to people who are most deeply impacted by the cancellation of work.

Applicants can find out how to apply through [Screen Scotland](#).

### **Bus sector support**

On 25 March the First Minister announced financial support for the bus sector during the pandemic to enable critical services to continue to run despite the significant drop in passenger numbers, helping our key workers get to their work and to carry out their essential roles across the country.

A number of bus operators (West Coast Motors, Borders Buses, Xplore Dundee and Stagecoach East Scotland) are offering free travel to NHS staff. In light of the Scottish Government support package, the Cabinet Secretary for Transport, Infrastructure and Connectivity has asked other operators to consider following suit.

COSLA has issued guidance for Local Authorities to ensure that they continue to pay operators of home to school transport until the end of the summer term. This will help ensure that bus operators are able to provide these important services once the pandemic is over.

### **Wider transport measures**

In addition, airports and baggage handlers will receive 100% rates relief in 2020-21, and repayment holidays are now available to taxi drivers who took out a low carbon transport loan to purchase an ultra-low emission taxi.

### **Sea Fisheries Intervention Fund**

Last week, the Scottish Government announced an emergency support fund for over 600 of the hardest hit in the small boat sector. Letters went out over the weekend and applications are now being made. We expect to start making payments on 1 or 2 April. In addition, there are ongoing discussions with fishing industry representatives about appropriate support for larger vessels.

### **Next Steps**

The Scottish Government understands that this is a challenging time for the economy and are urgently considering what further measures can be put in place to help mitigate the impact of the coronavirus pandemic. Clearly, some initiatives will only start supporting workers in late April (Job Retention Scheme) or in early June (Self-Employment Fund). Where that is the case, we are considering all options to provide assistance. In seeking to answer all questions in this note, there might be some unanswered questions. Please refer to the [website](#) in the first instance, and then email [BESTCovidHub@gov.scot](mailto:BESTCovidHub@gov.scot).