

Newly Self-Employed Hardship Fund, the furlough support grant and more tailored funds delivered by local authorities including the Strategic Framework Business Fund, the Contingency Fund, the Retail, Hospitality and Leisure Top Up Grant, the Taxi and Private Hire Vehicle Support Fund and the Restart Grant. Details of these funds are set out in the DG Economy statement for this module [INQ000590815].

73. The Scottish Government gave local authorities additional funding to recruit more people to distribute funds, and they reported to us when they needed more resource. We also contracted third party organisations, such as UMi to maximise the ability to distribute support for certain schemes. UMi is a delivery company that was contracted through a non-competitive action process which followed Scottish Government procurement policy, including alignment to Scottish Government Procurement Policy Note (SPPN) 4/2020 (reasons of extreme urgency). Scottish Enterprise (who had previously contracted UMi through a Crown Commercial Services Framework for Grant Management) were involved in the contract construction. We took this approach in order to maximise our capabilities to distributing funding as quickly as possible.

74. There was a constant tension throughout the Covid pandemic about the extent to which we placed reporting requirements on local government. There was a lot of demand for reporting by politicians and others, but every one person involved in reporting was one fewer person involved with distributing the funding at a time when businesses really needed the funding. I was very sympathetic to Parliament's requests for more data to scrutinise. That is why we introduced additional Budget reports. But I was reluctant to focus any efforts away from front line teams who were distributing funding by imposing onerous reporting requirements. We did increase the level of reporting over the course of the pandemic, and in the last year we started to publish reports on the number of schemes that were live, how much funding

had been distributed and what was still pending for Parliament's purposes of scrutiny. The volume of work was so overwhelming that it would have been foolhardy to impose these reporting requirements at the beginning.

75. There was some criticism about Scottish Government guidance to local authorities on how to distribute schemes. The Scottish Government gave local authorities an element of discretion around how they distributed funds where there might be grey areas. For example, there were some businesses that perhaps had not registered for non-domestic rates when they should have but had registered the day after the cut off for the scheme. The idea was that a local authority could look at that sympathetically and provide funding if they felt it was justified. As well as criticism that the guidance was not confirmed fast enough, there were also complaints that it allowed local authorities too much, or on other occasions, too little discretion. I am aware that some businesses reported that certain local authorities were using that discretion more than others and there were reports that some businesses were receiving funding faster in some areas than others. This was particularly the case where a business had multiple units across different local authority areas.

76. The overarching policy rationale for these measures taken by the Scottish Government was to protect businesses, as far as possible, from total failure. It was not to replace income, because that could never have happened. The economic response was designed to protect the business structure because once a business fails it is much harder to re-establish and, to support jobs. The overarching strategy was to maximise support quickly at the beginning and then to distribute funding specifically to individual sectors as it became clear how much surplus funding was available and what the need was. The formulation of strategy went through different phases. At the beginning it was formulated entirely in response to lockdown. It was an emergency response. As time went on, the strategy was in response to additional NPIs. There was