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The Scottish Parliament
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Dear Lewis

EMERGENCY SUPPORT PACKAGE FOR SPORT

Thank you for your letter of 22 December. I welcome the Committee's continued interest in the Emergency Support Package for Sport and have addressed your questions in the order they were asked.

Which budgets does the additional £50.5m of funding has come from? What actions and activities are not taking place to make this support available?.

The Scottish Government's Emergency Funding Package for sport is comprised of £30 million of revenue funding and £25 million of financial transactions. There has been no impact to the Scottish Government's planned spend on Health and Sport in 2020-21 as a result of making the package of funding available.

Revenue grants of £30 million have been provided from the additional consequentials received by the Scottish Government for COVID-19 response and will be used to ensure the continued viability of sports organisations and to protect jobs in the sector while restrictions on spectators remain in force. Financial transactions of £25 million have been allocated in the Scottish Government's Spring Budget Revision (SBR) and will be used to provide loan funding to the Scottish Premiership and Scottish Rugby. Financial transactions are a ring-fenced form of funding for specific purposes and cannot be spent on other projects.

What are the totality of other funding packages available to support clubs and businesses and the extent other sources will be considered when deciding on the levels of funding to be awarded from this package?.

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To varying degrees, sports organisations have utilised the job retention scheme, non-domestic rates relief, third sector resilience fund, business hardship fund, and the recently introduced Strategic Framework Business Support. However, eligibility for these funds has been very limited as, in the case of professional sport, they are operating fully with the majority of their staff and overheads in place. The element missing was the income stream generated by spectators attending live events.

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

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

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

What is the duration of these loans, including those available to rugby?

It is anticipated that loans arrangements will be consistent between rugby and football and we have indicated to them that the loan period will likely be a maximum of six years, however, the discussion on this matter is still ongoing. Draft terms of loan have been issued to the Scottish FA for consideration.

Will the rates of interest be based on the Bank of England's rate?

We have provisionally indicated that loans will be charged at base rate interest that is currently 1.9%, which is an EU rate. This rate should be used despite the UK leaving the European Union and is part of the EU Exit transition agreement. *However, further analysis is required of the subsidies chapter of the UK-EU Trade and Cooperation Agreement, which came into force on 1 January 2021, before confirmation that this is the interest rate which will be offered*

What is the latest on the approach to administration of the funding following ongoing discussions with the SFA, including on specific funding for Women's football?

Emergency grants worth £10 million were provided to the Scottish FA on 29 December, and will be split between football clubs and Associations as per the distribution mechanism agreed between the Scottish FA and the Scottish Government. The funding will support clubs below Premiership level after the loss of spectator revenue due to the coronavirus (COVID-19) pandemic, with £10 million coming from the Scottish Government's emergency sports package that was announced earlier this month. This does not include a further £1.35 million from the National Lottery.

Championship clubs will receive an equal share of £5 million, League One will receive £1.5 million and League Two will receive £1 million, with the remaining funds split between the lower leagues, women's football and the affiliated national associations. The grants will be

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administered by the Scottish FA. In particular, (£20,000 to Scottish Women's FA - £150,000 to Scottish Women's Football League 1 and £20,000 to Scottish Women's Football League 2)

How is the available scientific evidence being interpreted so differently with the rationale in Scotland to restrict numbers to 300, in Level 1 areas and no fans at all in Level 2 areas?

Following the introduction of the Strategic Framework, and the application of the five level approach, limited number of spectators were permitted. Spectators in stadia, with mitigations and restricted numbers, are permitted in Level 1 and Level 0 areas. The number of spectators at any one event is currently capped at 300.

The current national outlook with the virus – with significant numbers of deaths and cases – highlights the importance of being cautious to protect public health.

What are the proposals to facilitate the return of fans to stadia across Scotland as conditions improve?. In particular, it was indicated that there would be consideration of increasing the numbers permitted to attend in Level 1 areas after Christmas, and it would be helpful to know what increased numbers are being considered and over what timescale?

The Strategic Framework currently provides the basis on which supporters can return to stadia in Scotland.

As , we are currently in Level 4 restrictions in Scotland – and at a critical point in fighting the virus – we are not allowing any supporters, and are not actively considering any increase in the 300 cap.. Evidence of rising cases and the new variant does not support the decision to allow the return of fans to stadia.

Can you explain why half of all resource funding in this package has gone to rugby, with so much less on a per capita basis made available to the 200 or so football clubs outwith the Premier League?

The support package was made up of £30m resource funding and £25m in loan funding. This had to be allocated across all eligible sports in the most equitable way possible. Analysis of the lost revenue from the loss of spectators as well as current income streams were examined before reaching final decisions on the funding splits.

Scottish Rugby has been unable to have spectators during the 6 Nations matches and the Autumn Internationals. Matches for the two professional teams in Glasgow and Edinburgh have also been played without spectators. This has resulted in an unsustainable financial position which is threatening Scottish Rugby's ability to protect jobs and financially support rugby in local communities across the country.

Scottish Rugby is different from football as they own and operate the National Team, Edinburgh Rugby and Glasgow Warriors. They also own and run BT Murrayfield and directly fund rugby and rugby communities across the whole of Scotland, from grassroots primary school and mini club game, up to the National Teams and the professional game, and also support over 400 skilled and specialised jobs. The revenue allows Scottish Rugby to invest, directly and indirectly, in the grassroots community game at a level of over £7.0m per annum, in over 200 clubs across Scotland.

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What is the evidence and rationale underlying support of £2m for Horse Racing?

Scotland has five racecourses at Kelso, Ayr, Hamilton Park, Perth and Musselburgh. The £2million funding for Horse Racing would equate to a £400,000 grant for each race course to ensure their financial survival until the end of the racing season. Scottish Racing annually contributes £300 million to the Scottish economy and supports 3,400 FTE jobs in Scotland, in particular in the rural economy.

No spectators have been permitted since March 2020 and every racecourse, while continuing to hold races behind closed doors, is operating at considerable loss due to the lack of spectator income.

The principle purpose of this emergency funding package was to ensure survival of some of Scotland's largest sports by protecting jobs and infrastructure within those organisations.

What extent efforts to mitigate costs by reductions particularly in administration and salaries will be taken into account as a factor in the availability of funding under this support package?

As part of the financial data collection exercise undertaken by sportscotland consideration was given to any steps that had been taken to mitigate financial loss within each organisation. These included use of the furlough scheme, non-domestic rates relief and the use of online streaming services to generate income. However, given sport is operating behind closed doors, a substantial portion of their costs, including salaries and facility costs still existed.

I hope the Committee finds this response helpful and I very much look forward to working with you in my new role.

MAIRI GOUGEON

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