



The Scottish Parliament
Pàrlamaid na h-Alba

Conveners

By e-mail only

**Public Audit and Post-legislative
Scrutiny Committee**

Room T3.60
The Scottish Parliament
EDINBURGH
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22 September 2020

Dear Convener,

Covid-19: Funding support for businesses

The Public Audit and Post-legislative Scrutiny Committee [recently took evidence](#) from the Auditor General for Scotland on the Audit Scotland report, [Covid-19: Implications for public finances in Scotland](#).

One of the areas of funding explored in the report and by the Committee in its subsequent evidence session was the financial support being provided to businesses as a result of the pandemic. The report indicates that the Scottish Government has allocated around £3.3 billion to support business measures, £1.2 billion of which is for the £10,000 small business support grant and the £25,000 grant for hospitality and leisure businesses. Significant sums are also being allocated to cover the costs of business rates relief (£875 million); 14 other grant and loan schemes (£824 million) and a “Return to work” package to support construction, low carbon projects, digitalisation and business support (£230 million).¹ However, the report goes on to state that “comprehensive information on the amounts paid out to third parties by public bodies was not available to us.”

The Committee considers that there is an important piece of work to be undertaken to examine the funding support provided to businesses as a result of the Covid-19 pandemic and, in particular, to establish in connection with each grant, loan or other scheme:

¹ https://www.audit-scotland.gov.uk/uploads/docs/report/2020/briefing_200820_covid.pdf

- the total amount of funding (a) allocated and (b) paid out; and a reconciliation of any difference;
- how many businesses each scheme supported;
- how decisions were made to allocate such funding, including the criteria applied;
- levels of fraud or error (a) estimated and (b) detected;
- governance procedures in place to ensure that, despite the need for expediency, there was robust internal control over the spend of significant sums of public funds;
- the outcomes of such funding; for example, what impact did the funding have on individual businesses' sustainability and how was this measured.

The Committee has written to the Auditor General and the Accounts Commission to enquire whether they are planning, either jointly or individually, a future piece of audit work along the lines described above.

In the meantime, the Committee would be interested to hear of any work your own Committee is undertaking to scrutinise the financial support being provided to businesses as a result of the Covid-19 pandemic.

I look forward to hearing from you.

Yours sincerely,



Anas Sarwar MSP
Acting Convener

cc:

Covid-19 Committee

Culture, Tourism, Europe and External Affairs Committee

Economy, Energy and Fair Work Committee

Finance and Constitution Committee

Local Government and Communities Committee

Rural Economy and Connectivity Committee