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Michelle Ballantyne MSP
Convener
Economy, Energy and Fair Work Committee

10 April 2020

Dear Michelle

Thank you for your letter following my appearance at the Economy, Energy and Fair Work Committee on 24 March. My apologies for the delay in responding but I wanted to give you as comprehensive an update as I could to your queries.

As I outlined when we met, COVID-19 is a constantly evolving situation and our focus is on helping business and workers to manage the unprecedented circumstances we are facing. The Scottish Government - at all levels - continues to work closely with the UK Government in formulating our response and guidance to this crisis.

In relation to the first query for further clarity on who should go to work, like the UK Government, we have made regulations¹ which came into force on 26 March whereby certain businesses must close - mainly those businesses where people would normally gather such as pubs, cinemas and gyms.

The regulations also prescribe vital businesses that can stay open, such as food retailers, dentists and pharmacies, but who in doing so must maintain social distancing amongst their customers. Police Scotland and local authorities may enforce these rules, potentially using fixed penalty notices and ultimately prosecution if that were necessary. Guidance on these rules is available at <https://www.gov.scot/publications/coronavirus-covid-19-staying-at-home-and-away-from-others-social-distancing/>.

¹ The Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020 (SSI 2020/103). Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

The Welsh, UK and Scottish Government have also published business and social distancing guidance outlining our approach. Updated guidance for business was issued on 4 April: <https://www.gov.scot/publications/coronavirus-covid-19-business-and-social-distancing-guidance/>.

I'm pleased to report that on 6 April guidance was also issued for the construction sector: <https://www.gov.scot/publications/coronavirus-covid-19-construction-sector-guidance/>

Regarding the Committee's request for clarity on key workers, I fully recognise this is a challenging and uncertain time for all workers who will be rightly concerned for themselves and their families. In unique circumstances we have needed to prioritise which of our key workers have access to critical childcare. We have published guidance setting out these definitions to ensure that essential services can be delivered and to cover tasks within the local community which support the vulnerable and aid community resilience. Critical childcare should be used as a last resort and its availability is determined by each Local Authority, to allow the country to address local priorities. This guidance can be found at <https://www.gov.scot/publications/coronavirus-guide-schools-early-learning-closures/> .

On your last point about our plans for economic stimulus the situation remains fluid but we recognise that the impact of COVID-19 may be felt for some considerable time. Our economic response must take place in a phased way and it can be characterised in four key stages – Response, Reset, Re-start and Recovery.

The **Response** stage is already well underway. The Scottish Government has responded swiftly to support business, delivering a package of measures worth £2.2 billion on top of the offer from UK Government. Retail, hospitality and leisure sectors, as well as the aviation industry, will benefit from 100% rates relief for 2020-21. Additional support for specific sectors includes payments worth around £40m for around 7,000 specialist beef producers and £10 million to assist seafood processing businesses. Furthermore, reforms to CBILS expand eligibility, relax conditions on personal guarantees and speed up access to loans.

Work is also in hand on the **Reset** stage. The Scottish Government is currently preparing the sectoral guidance needed to encourage workplace closure and plan for re-start, working with industry bodies, the STUC and the relevant unions: construction and food standards are early examples. This is crucial for business to operate in a way that is compliant with social distancing, but will enable them to be more resilient to re-start safely, but on a different basis.

The safe **Restart** of the economy is essential. The Scottish Government will consider, on a sector-by-sector basis, the impact of supply chains and measures that need to be in place to enable businesses to come back on-stream in a safe and orderly way. The construction guidance is a model we can apply to manufacturing and other sectors. Currently it is a tool to encourage voluntary closure of workplaces. It may also provide a tool for a more nuanced approach to lifting restrictions.

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The **Recovery** of the economy may take some time and what emerges is likely to be a different economy characterised by new business models, markets and behaviours. An Advisory Group, to be chaired by Benny Higgins and include Anton Muscatelli as part of the membership, will be created and I am pleased to say the main business representative organisations have agreed to feed into this. This Advisory Group will provide important input to ensure that Scotland emerges from our current challenges as a wellbeing, inclusive and net-zero economy.

Thank you for the opportunity to meet with the Committee. I would be happy to keep you informed of progress.

*Kind regards
Fiona Hyslop*

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