



Economy, Energy and Fair Work Committee

Fiona Hyslop,
Cabinet Secretary for Economy,
Fair Work and Culture and
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for Finance,
Scottish Government

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Dear Fiona and Kate,

COVID-19 – impact on businesses, workers and the economy

Following the meeting of the Economy, Energy and Fair Work Committee on Tuesday 24th March, the Committee agreed to launch an open call for views on the impact of COVID-19 on businesses, the economy and workers.

Several submissions have been received and these can be found [here](#).

An informal virtual meeting of the Committee took place on 14th April to discuss the responses received so far. We recognise the unprecedented nature of the challenges the nation is facing and welcome the schemes put in place to date by the UK and Scottish Governments. However, there are clearly still gaps and issues. The Committee therefore agreed to write to both Scottish and the UK Governments to seek clarification on a number of points. The terms of this letter were discussed at the informal meeting and by correspondence (with the final draft signed off by the Convener and Deputy Convener).¹

Funding

The Committee notes that the Scottish Government will receive £3.3 billion in Barnett consequential funding to support the Scottish Economy during the COVID-19 emergency. The Committee welcomes the commitment from the Cabinet Secretary for Finance that the COVID-19 funding will be ringfenced to support the Scottish Economy.

It is important that there is transparency regarding how these funds are being allocated.

1. The Committee asks the Scottish Government what plans it has to publish data on the allocation of COVID-19 business support funding?

¹ Meeting attended by: Jackie Baillie; Michelle Ballantyne; Colin Beattie; Alison Harris; Dean Lockhart; Gordon MacDonald and Andy Wightman (apologies received from Willie Coffey and Richard Lyle)

Any data on the allocation of COVID-19 funding for businesses should be published in opentext format to allow analysis to be carried out and updated on a regular basis (weekly).

2. The Committee asks whether the following data is available, and if so, for this to be part of the published data:

- i) A breakdown of how the COVID-19 funding is being allocated by sector;
- ii) A breakdown within each sector of how much COVID-19 funding is being allocated including the estimated number of recipients in each sector (including how much of the COVID-19 funding is being allocated to:
 - the Aviation sector, with details of each grant within this sector;
 - the Seafood/Fisheries Sector, with details of each grant within this Sector and
 - the Creative sector, with details of each grant within this sector);
- iii) Data on funding uptake broken down by local authority;
- iv) Data on the number of applications for funding that have been turned down;
- v) A breakdown of any funding that has been provided by the Scottish Government to support COVID-19 which has come out with the additional £3.3 billion in Barnett consequentials.

Policy rationale

The Committee notes that a new package of measures has been announced, including extending the Small Business Grant scheme to ensure that, in addition to a 100% grant on the first property, small business rate payers will be eligible to a 75% grant on all subsequent properties. The Committee welcomes this change as, by restricting grants to only one property in Scotland, there is a risk that businesses with multiple properties will struggle to meet overhead costs and retain staff across all of their businesses.

To understand the rationale for this policy, the Committee requests sight of any data and evidence that the Scottish Government has used to arrive at its decisions. We ask you to provide:

- 3. evidence (including any economic impact assessments carried out) and any legal basis to support the Scottish Government's policy of awarding the Small Business Grant at 75% for subsequent properties, rather than 100% for each property..**

Gaps

The Committee has received evidence of gaps in support for certain businesses. It is vital that the UK and Scottish Governments continue to address any delays or gaps in financial support. We ask the Scottish Government to clarify:

- 4. what work is being done to identify and rectify gaps in the assistance being offered to businesses, and when gaps are**

- identified, we ask you to publish data on said gaps and to provide details on how the Scottish Government intends to rectify these;
- 5. how the Scottish Government is working to ensure that businesses across Scotland are treated consistently, particularly where support relies on the actions and policies of individual local authorities.**

Restrictions on economic activity

The Committee asks the Scottish Government to outline what work is being undertaken to develop a plan to support a gradual restart of economic activity, whilst balancing public health priorities.

The Committee notes that the Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020 stipulate restrictions and closure requirements on businesses. We note that the regulations will be reviewed every 21 days, with the first review taking place on 16 April. The Committee believes that businesses should be consulted regarding changes to the regulations, particularly in relation to consideration of relaxing the restrictions and allowing economic activity to take place. The Committee notes that there is also guidance covering these matters; this guidance should be reviewed alongside the regulations to ensure that they are not contradictory. We ask you to confirm:

- 6. What plans the Scottish Government has to consult businesses on the ongoing review of the regulations and the guidance.**

Divergence in guidance

Some businesses have called for more consistent and coordinated guidance and messaging from UK Government and Scottish Government. You will be aware that the guidance on what economic activity can take place is different north and south of the border. The Committee has had feedback that this can cause confusion and difficulties for some businesses.

- 7. The Committee invites you to consider this feedback and to set out what steps could be taken to address the issue.**

Support from the banks

The Committee is aware that businesses are experiencing difficulty accessing financial support from the banks and is very concerned that the support expected has not been forthcoming.

- 8. What conversations has the Scottish Government had with the banking sector and the UK Government to ensure that the Coronavirus Business Interruption Loan Schemes are available and accessible to businesses without penal interest rates.**

Enterprise agencies and SNIB

The Committee invites the Scottish Government to set out (where this information is available):

- 9. what additional activities are being undertaken by the enterprise agencies to support businesses during the COVID-19 pandemic**

and whether additional funds are being provided to support this work. In particular, what support is being given to businesses to support e-commerce, which could help some businesses to continue to operate during the lockdown;

10. which funding streams will be used to provide this much needed business support and which elements of the 2020/2021 budget, set aside for Scottish Enterprise and the establishment of the SNIB, are being used for emergency assistance.

Impact on the economy going forward

The Committee recognises that the current focus is on the health crisis posed by COVID-19, but remains concerned about the impact of the necessary steps on the medium and long term future of the economy. The Committee suggests that the Scottish Government measures the uptake of business support offered and publishes its findings on a monthly basis (including the take up rate for grants, and the proportion granted or refused and reasons for refusal as requested above).

The Committee recognises that the recently agreed budget will need to be revisited and therefore asks:

11. How much funding is the Scottish Government looking to set aside in this year's budget to support the recovery of the economy?

An early response to the questions highlighted would be appreciated.

Kind regards



Michelle Ballantyne MSP
Convener