

T: 0300 244 4000  
E: [scottish.ministers@gov.scot](mailto:scottish.ministers@gov.scot)

Michelle Ballantyne MSP  
Convener  
Economy, Energy and Fair Work Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

By email:  
[economyenergyandfairwork@parliament.scot](mailto:economyenergyandfairwork@parliament.scot)

22 May 2020

Dear Michelle,

Thank you for your letter of 11 May 2020 following the Committee's call for views on the impact of COVID-19 on businesses, the economy and workers and providing details of the submissions received.

We welcome the scrutiny of the measures the Scottish Government has put in place so far and the opportunity to work together to identify any further action that is needed.

I have provided responses to the specific questions contained in your letter below.

## Four-Step Economic Plan

### 1. Does the Scottish Government plan to publish the four-step economic plan, and if so, when will it be published?

We will set out more detail shortly to Parliament on the work being taken forward. We do not intend to publish a document per se, as this is a fast moving environment and the work on the stages of recovery relate closely to the handling of the pandemic, public health advice and how we move from reset to restarting parts of the economy. Individual elements of the plan, however, will be published (for example, sectoral guidance to support restart of the economy). The Scottish Government has already made significant progress in each of these stages, although much remains to be done to support the recovery of our economy.

### Response

The first step in the economic plan, Response, has been focussed on protecting lives, critical national infrastructure and services, and incomes for both businesses and households. This covers many of the initial reactive actions that we have taken so far. We acted quickly to make funds available to support businesses and, although our approach has been specifically tailored to reflect Scotland's economy, we continue to pass every penny we receive from the UK Government for this purpose, and more, directly to businesses.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

We have invested £875 million in our package of rates relief measures, which includes 1.6% rates relief for all non-domestic properties in 2020-21 and 100% relief for properties in retail, hospitality, leisure and aviation. These measures are already providing significant support to businesses and we forecast that over 175,000 properties will not be paying any rates in 2020-21.

We put in place a £1.299 billion package of Small Business and Retail, Hospitality and Leisure (RHL) Grant Schemes, administered by Local Authorities. Based on feedback from businesses, we have also extended the £10,000 Small Business Grant and the £25,000 RHL Grant Scheme (the latter on properties with a rateable value between £18,001 and £51,000). From 6 May, the Business Grant Schemes offered 75% grants on second or subsequent eligible properties, and from 11 May, eligibility for the Small Business Grant Fund was expanded to include non-domestic properties which are eligible for the Small Business Bonus Scheme but are in receipt of Charitable Rates Relief.

It should be noted that our Small Business Grant Scheme is more generous in Scotland for small businesses in a variety of sectors than anywhere else in the UK. Those not in retail, hospitality and leisure with a rateable value between £15,000 and £18,000 can claim this grant in Scotland, but would not be eligible for either the Small Business Grant or the RHL Grant in England. It is also more generous for multi-property businesses in a variety of sectors. As our Small Business Bonus Scheme is more generous than England's Business Rates Relief, businesses in Scotland may be able to claim multiple small business grants.

In order to support microbusinesses, small and medium-sized enterprises (SMEs), and the self-employed not already eligible for other support, we set up a targeted package of £100 million of additional support measures, subsequently extended to £145 million and more recently to £185 million. This is divided into the Newly Self-Employed Hardship Fund (£34 million, for the newly self-employed), the Creative, Tourism & Hospitality Enterprises Hardship Fund (£30 million, for such companies not in receipt of business rates relief) and the Pivotal Enterprise Resilience Fund (£120 million, for viable but vulnerable SMEs who are vital to Scotland's local or national economic foundations). We are also providing £1 million to top up Creative Scotland's Bridging Bursaries in the not-for-profit sector.

The challenges facing the fish and shellfish market have had a serious and immediate impact on many of our coastal and island communities. We therefore established a £22.5 million package of support for the seafood, fishing and aquaculture sectors, administered as the Aquaculture Hardship Fund (£3 million, for onshore aquaculture businesses), the Scottish Seafood Business Resilience Fund (£10 million, a combination of grants and loans for seafood processors) and the Sea Fisheries Hardship Fund (£9.5 million, for owners of fishing vessels).

From 18 May, SME house builders can apply for short-term loans of up to £1 million to support them through the COVID-19 outbreak. This £100 million emergency loan fund is intended to address liquidity pressures facing house builders at this time, not only safeguarding jobs, but also ensuring the continued supply of homes and the retention of diversity within the housebuilding sector.

We have set up a £5 million fund to offer interest-free loans to landlords whose tenants are having difficulty paying rent. The Private Rent Sector Landlord COVID-19 Loan Scheme will offer eligible landlords up to 100% of lost rental income for a single property. It will support

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)



INVESTORS  
IN PEOPLE

Accredited  
Until 2020



private-sector landlords who are not classified as businesses, have five or less properties to rent and have lost rental income due to tenants unable to pay rent as a result of the COVID-19 crisis.

Following a series of meetings with the Scottish Newspaper Society, we will invest an additional £3 million of Scottish Government marketing in the Scottish press. Scotland's newspapers play a vital role in keeping communities across the country informed on developments around COVID-19 and its impact on the public.

A broad range of Scottish manufacturing businesses have repurposed and increased production to address shortages of hand sanitiser, personal protective equipment (PPE) and medical devices. This effort is reshoring economic activity to Scotland, building and strengthening Scottish supply chains for the future and is supported by a cross-government team including the Scottish Government, Scottish Enterprise, NHS Scotland and the National Manufacturing Institute Scotland.

Examples of the businesses which have taken this action include: CalaChem in Grangemouth, which is producing hand sanitiser using alcohol supplied by distillers Whyte and Mackay; Alpha Solway in Annan which is producing face visors and has invested in new mask-making machinery with capacity to produce 15 million respirator masks per annum; Berry BPI, based in Greenock and Dumfries, which has invested in new machinery to produce aprons and apron-style gowns for the NHS; and Don and Low in Forfar, which has received a £3.6 million repayable grant towards the purchase, import and installation of a new machine to produce the fine filter material required in high performance masks. Don and Low is also supplying an initial order of 1.4 million square metres of fabric for the production of gowns for NHS Scotland.

Scottish engineering businesses are also in the vanguard of efforts to manufacture more ventilators to support increased critical care capacity across the UK. Two companies with facilities in Scotland are part of an effort led by Babcock International Group to design and produce more ventilators. As part of this effort Plexus and Raytheon will both be supporting the production of ventilators from their Kelso, Livingston and Glenrothes manufacturing facilities. Plexus and Raytheon have been supported by Scottish Enterprise to facilitate their involvement in vital efforts to increase ventilator capacity for the NHS and Scottish Enterprise remains in contact to provide any operational support they require.

We have established a dedicated website, Find Business Support<sup>1</sup>, and a helpline to provide information on how to access support, as well as other information that businesses may require at this time. Our dedicated helpline ensures our economic development agencies can offer advice and access to finance and expertise to help businesses affected. Between 12 March and 20 May, there have been almost 320,000 visits to the website, with over 7,000 businesses subscribed to the email updates. Up to 20 May, the helpline took 11,233 calls.

## Reset

The next stage is '**Reset**' which is about reversing the practical issues caused by COVID-19 and laying the ground work so that activity to restart the economy can begin and progress unhindered. This covers identifying requirements for regional support and issuing sector specific guidance, details of which are set out separately under question 2. It involves

---

<sup>1</sup> <https://findbusinesssupport.gov.scot/>

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

analysing and understanding the labour market issues caused by closure of businesses and furloughing of staff. The Reset phase will also include work begun to clear immediate supply chain blockages throughout the economy caused by lost productive capacity, business closures and labour supply problems.

A framework was published in April, outlining the principles and approach to managing our way through and out of this crisis to a 'new normal'. A further update, released in early May provided illustrative examples of the steps that might form part of work to reset the economy. We will continue to publish updates to that document and associated documents, such as Scotland's Routemap Through and Out of the Crisis, published on 21 May 2020.

The aim of the reset phase is not to provide a list of things we will definitely do by certain dates but to understand what decisions need to be taken, how they might impact across sectors and what the risks of each decision are to fully inform the work that will take place during the restart phase.

### Restart

The 3rd stage, '**Restart**', is about continuing the work of 'Reset' – implementing and learning from a phased, sectoral restarting of the economy through sector by sector analysis to target specific support. This stage will be guided by Fair Work principles and involve all stakeholders including businesses, trade unions and workers to support businesses to re-emerge but also help workers to upskill and retrain to adapt to new working environments or different activities.

Policy considerations during Restart will include: digital transformation and capability; reskilling the labour market and supporting key groups into employment; targeted support for regions, sectors and industry; innovation growth; connectivity; capital infrastructure and investment; and our transition to net zero and future sustainability.

### Recovery

The 4<sup>th</sup> stage, '**Recovery**' is about looking forward and preparing for a post-COVID future. This means developing greater resilience through building and strengthening local supply chains, and our social, natural and human capital. This includes embedding greater innovation and use of data and new technology into our economy to increase our competitiveness and in investing in people to access good, fair jobs. It is also about embedding our long term goals into the way that our economy rebounds. Our aim is to achieve a green recovery which is also a fair recovery built on sustainable inclusive growth and a wellbeing economy.

To support the Scottish Government in achieving this aim an Advisory Group has been established to provide independent expert advice on economic recovery from the effects of the pandemic. The Group will advise on measures to support different sectoral and regional challenges the economy will face in recovery and how business practice will change as a result of coronavirus, including opportunities to operate differently and how Government policy can help the transition towards a greener, net-zero and wellbeing economy. The Group is expected to provide initial proposals by the end of June 2020 and has launched an open call for views<sup>2</sup>.

---

<sup>2</sup> <https://consult.gov.scot/economic-development/call-for-views-advisory-group-on-economic-recovery/>

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

The Advisory Group will be led by Benny Higgins (Special Advisor to the First Minister on the Scottish National Investment Bank and Member of the Infrastructure Commission for Scotland) and will include experts from academia, business organisations and trade unions.

## Sectoral Guidance

### **2. When is the sectoral guidance due to be published? How many sectors are included? Who is involved from industry?**

Our Framework for Decision Making sets out our approach and the principles that will guide us out of the current lockdown arrangements. As part of this process we are developing sector specific guidance in partnership with trade unions and businesses and in line with our fair work principles.

The guidance will provide advice for employers and businesses as they prepare to adapt and re-open workplaces. It will also provide assurance and confidence to employers as they prepare to re-open and re-start economic activity when the scientific and health advice supports this; and to workers and customers who will be concerned about the potential risk to their personal health and public health in general.

We have been clear in our discussions with industry, trade unions and other partners including the UK Government that the development and implementation of workplace and sectoral guidance in Scotland will need to be smart and granular, taking into account our legal, geographic, industrial and economic context. I have consistently made clear my support for a four nation approach and welcomed the principles behind the guidance published by the UK Government earlier this week and the intent to provide advice for employers and businesses as they prepare to adapt and re-open workplaces. However, it is clear that Trades Unions in particular still have some concerns about how safe and fair working will be implemented and my intention is to build upon the UK work as we develop and implement our sectoral guidance in Scotland, making sure that this is aligned with our Framework for Decision making and our Fair Work principles.

A number of my Ministerial colleagues are working with sector specific industry representatives and trades unions to develop guidance which spans a range of industries, such as Construction and Manufacturing. We are also working with employers, business organisations and trade unions on developing advice for the retail sector and have held meetings with creative industries to discuss options for developing guidance for their sector. We are also working closely with the key enforcement agencies – the Health and Safety Executive, Local Authorities and the Police – to ensure a joined up approach to the enforcement and monitoring of workplace public health measures.

We will also be developing guidance for other sectors, including renewable energy, oil and gas and tourism. In total we anticipate publishing specific guidance for around 17 sectors. Some guidance, for example related to Food and Drink and Agriculture is already published and will continue to be updated. More will come in due course, such as guidance for manufacturing and retail, which we hope to publish very shortly. The table below sets out the sectoral guidance that has been published, that is in progress, and that is in discussion. All

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)



INVESTORS  
IN PEOPLE

Accredited  
Until 2020



guidance is published on the Scottish Government website<sup>3</sup> and once published guidance is updated as required to remain relevant to the prevailing circumstances.

Stage Guidance Has Reached	Sectors
Guidance has been issued in the following sectors and Scottish Government is currently considering updates.	Construction, Horticulture, Livestock Management, Waste
Scottish Government is working with industry and trade unions in the following sectors on the development of workplace guidance.	Arable Farming, Creative Industry, Food and Drink, Forestry, Manufacturing, Oil and Gas, Renewables, Retail, Transport
Scottish Government is in further discussions with industry about the potential development of sectoral workplace guidance.	Culture, Finance, Technology, Tourism

Our partnership approach is about creating the conditions for business, trades unions and regulators to share expertise and work together to create safer workplaces. It will also provide assurance and confidence to workers, employers, customers and businesses when the time is right to return to the workplace.

## Data

**3. The Committee would ask the Scottish Government to publish information which is gathered via the applications for COVID-19 business support funding, including: name of the business, type of business and number of employees.**

As mentioned in my letter to the committee dated 25 April, since the first week of business support payments being made we have published information at a Scotland-wide level, reflecting the number of awards made and the value of these awards. From the week beginning 27 April, information on our business support scheme by local authority has been published and made available weekly on gov.scot.

As you will be aware, there are various support packages and applications and awards are administered by local authorities and a range of government agencies. These agencies are working tirelessly to review and process the applications as quickly as possible to enable the funds to be distributed to those parties who qualify for support promptly. The Scottish Government does not hold this information and the parties involved are at present unable to provide the level of breakdown requested by the committee.

Thank you again for your interest and please let me know if you have any further questions. I am of course happy to provide regular updates as we continue our work in supporting the recovery of our economy.

*Kind regards  
Fran Hyder*

<sup>3</sup> <https://www.gov.scot/collections/coronavirus-covid-19-guidance/>

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

# FIONA HYSLOP

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)



INVESTORS  
IN PEOPLE

Accredited  
Until 2020

