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Russell Borthwick
Chief Executive,
Aberdeen Chamber of Commerce

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18 January 2020

Dear Russell,

Thank you for your letter dated 11 January. I welcome your input and the views of your members, and this letter highlights many of the vital issues that the Scottish Government is committed to acting on.

We know this has been an incredibly difficult time for Scotland's businesses and the role that they have played in adapting and helping to suppress the virus has been crucial. We know this has been an incredibly difficult time for Scotland's businesses and the role that they have played in adapting and helping to suppress the virus has been crucial. We have worked in collaboration with a range of sectors, including Manufacturing and Construction to, produce safer workplace that has enabled them to continue to operate. We will continue to engage with business and industry leadership as we chart a path towards economic recovery.

Since the start of the pandemic, our support for business and the economy totals almost £3 billion. When the pandemic began, we moved rapidly to put in place a support package worth over £2.3 billion to provide lifeline support to businesses enabling them to close down safely, and survive through the initial crisis, protecting jobs and livelihoods. Since October we have allocated over £715 million to business support, including an additional £225 million announced in December.

To provide greater certainty for business, our package of support for business require to close or modify their operations by law was set out in the Strategic Framework which was published on 23 October 2020. From 2 November 2020, The Strategic Framework Business Fund offers grants of up to £3,000 for businesses required to close by law, and grants of up to £2,100 for those businesses that remain open but are specifically required to modify their operations by law.

We are working with a range of partners on delivering £185 million support for sectors such as tourism and culture which have been hit hard. On the 11 of January we announced one-off top-up grants for hospitality, retail and leisure businesses, and additional arts funding. With the latest announcement Aberdeen Performing Arts will have received £2.38 million in emergency COVID-19 funding from the Scottish Government.

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We continue to engage with businesses to explore how we can best improve upon the support on offer within the fiscal powers at our disposal.

We have repeatedly called on the UK Government to maintain the furlough scheme for as long as it is required. If, as seems likely, restrictions are still in place beyond the end of April then the furlough scheme must be extended, with sufficient notice for employers and workers that support will still be available.

We note your concerns about the non-domestic rates system and are aware of the concerns from the business community over the lack of certainty on the future of Covid reliefs. Scottish Ministers share those concerns and are keen to avoid a 'cliff edge' in April but unfortunately, the lack of clarity from the UK Government at successive fiscal events has undermined the Scottish Government's ambitions to provide that certainty. Ministers have been clear that our ability to continue offering relief next year is contingent on the UK Budget extending the equivalent policy in England and generating consequential funding. Should the UK Government bring forward an extension to their equivalent relief in March, we remain committed to providing a tailored package of business support measures, including rates relief, that best meets Scotland's needs.

With regards to the request for an independent review of the NDR system, we are watching the UK review with interest but have no current plans to commence a further review in Scotland. The Cabinet Secretary for Finance has stated that she may be amenable to a further review in a few years once the remaining recommendations of the Barclay Review delivered by the Non Domestic Rates (Scotland) Act have been commenced and consideration has been given to their effectiveness.

Ministers have already discussed the need for a national response to issues facing city centres with the Cities Alliance and I have agreed that Scottish Government works in partnership with cities. Indeed my officials led a meeting of representatives of Scotland's cities on 7 January as part of our ongoing work to consider how we can best support Scotland's city centres to recover.

The oil and gas industry is a critical component of not just the Scottish economy but of the North East. It has a crucial role to play in the transition to a net zero economy by helping to design the diverse energy system we need for the future, including options such as hydrogen production and developing floating wind and marine energy, with many businesses already diversifying into these areas.

We are committed to a 'green recovery' from Covid-19, one which captures the potential opportunities of our transition to net zero. Businesses and particularly those in the North East will be central to our successful transition to a greener, more sustainable economy. We have placed a Green Recovery at the heart of successive policy publications, including our 2021-22 Programme for Government and, most recently, our recast Climate Change Plan update.

The Scottish Government will continue to engage with the UK Government and key stakeholders to ensure there continues to be a tripartite approach to supporting the oil and gas sector, including on the delivery of the North Sea Transition Deal, and moving forward into the future.

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I trust this shows the work we are already doing to address the important points you raise. I am due to meet with you and your members virtually on the 26 January, and I look forward to discussing these points in more detail with you at that time.

Kind regards
Fiona Hyslop

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