

6 May 2020

Fiona Hyslop MSP
Cabinet Secretary for Economy, Fair Work and Culture

Kate Forbes MSP
Cabinet Secretary for Finance

Sent by email

Dear Cabinet Secretaries,

We would like to start this note by thanking the teams at the Scottish Government who are continuing to deliver much-needed support schemes to businesses across our three cities during this unparalleled economic and public health crisis.

We welcome the wide-ranging support schemes announced by both the UK and Scottish Governments, but we hold some concerns that there are gaps in support which may disproportionately impact businesses based in our largest cities. The recent £100M package put forward by the Scottish Government, split across three key funding streams, has gone some way to fill these gaps, but we remained concerned about two key areas related to the ongoing property costs of firms.

Outside of these schemes, the main route to grant funding for firms is through grants distributed through the Business Support Fund. These are tied to rateable values, and businesses must be the direct ratepayer to claim through the current scheme.

It's increasingly common in large cities for businesses to work in shared co-working spaces, with agreements which effectively combine rents and rates paid directly to the landlord. Because they don't directly engage with the rates system, those businesses don't meet the criteria for the £10,000 grants, and despite being some of our smallest but high growth potential businesses, they are missing out on vital support.

Furthermore, although some of these firms may be eligible for grants through the newly self-employed fund, many will not, and currently, the guidance for the Pivotal Enterprise Resilience Fund also explicitly states that firms employing less than 10 staff in Scotland's larger cities are "unlikely to be successful" in an application.

The UK Government has recently announced [£617M in additional funding](#) for local authorities to tackle this funding gap in England. Not only does this specifically support firms in co-working spaces and others such as market traders, it allows for further discretion for councils to provide grants to firms based on local assessments of economic need.

Can you reassure our members that the Scottish Government will be utilising any consequentials from this funding in a similar way, addressing this issue for our cities' smaller but vital businesses and allowing local authorities the discretion to provide further grant funding to firms who are falling through the cracks?

Secondly, our city centre firms in hospitality, retail and tourism have felt the brunt of high rates bills following the 2017 revaluation, which substantially increased rateable values in city centres for restaurants, nightclubs, bars and hotels and for which special transition arrangements were subsequently made by the Cabinet Secretary for Finance, the Economy and Fair Work at the time.

Of course, these firms will welcome the reliefs already provided but given the proportionately higher rateable values in city centres, a large number fall above the £51,000 rateable value threshold to access the Retail, Hospitality, and Leisure Support Grant. This ceiling prevents far too many of our independent city centre businesses in these sectors from accessing the support they need to see them through the crisis.

With expectations that the impact on this sector could be more sustained than in other parts of the economy, we continue to encourage the creation of an expanded grant scheme offering support proportionate to rateable values.

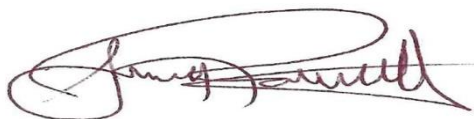
The risk of not acting will be to further accelerate the decline of our city centres as places that our residents and tourists will choose to visit, live, do business and spend their leisure time.

As always, the teams at Aberdeen, Glasgow and Edinburgh Chambers are available to discuss these issues, the broader business impact of COVID-19 and how we can support.

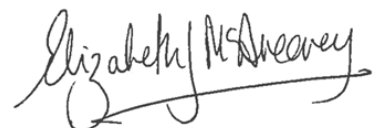
Yours sincerely,



Russell Borthwick
Chief Executive
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Stuart Patrick CBE
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