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Bruce Crawford MSP
Convenor
Finance and Constitution Committee
Scottish Parliament
EDINBURGH
EH99 1SP

24 March 2020

Dear Bruce,

CORONAVIRUS BILL – AMENDMENTS

In accordance with Standing Order Rule 9B.3.1, this letter sets out information on amendment which was agreed during Commons consideration of the Bill yesterday, and requires the consent of the Scottish Parliament.

The new clause will allow Scottish Ministers to certify that any financial assistance to industry under section 8 of the Industrial Development Act 1982 (the 1982 Act) is provided (in whole or in significant part) for the purpose of preventing, reducing, or compensating for any effect or anticipated effect of the Coronavirus. In certifying the financial assistance as such, it can be disregarded from the £12bn spending limit imposed by subsections (4) and (5) of that Act.

Despite the transfer of function under section 53 of the Scotland Act 1998, section 56 provides that Scottish Ministers have shared competence with Secretary of State in exercise of powers under section 8 of the 1982 Act. Section 8(4) and (5) of the 1982 caps the expenditure and special measures to combat the economic effects of coronavirus are most likely going to lead to a breach of the cap.

The proposed clause in the UK Bill allows the Scottish Ministers, in the exercise of their functions under section 8 to provide financial assistance, to disregard the cap. Since such expenditure by the Scottish Ministers would be discounted from what the cap covers, the amendment would alter the executive competence of Scottish Ministers and requires the consent of the Scottish Parliament.

A failure to make the amendment might result in a cap being placed on Covid-19 related spending.

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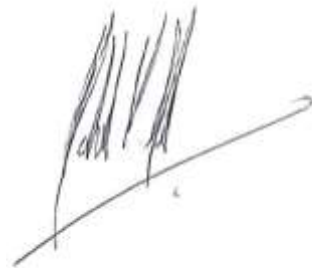
The Scottish Government recommends consent to this new clause. The Industrial Development Act 1982 is a key tool in supporting industrial and economic development. The limit contained in section 8 would potentially present an unwelcome barrier, or at least delay, if it needed to be relaxed or increased at a later date in bringing to bear the suite of tools that need to be available to address the ongoing economic impacts of Covid-19.

Although it is currently unclear how much funding will be granted we consider that the proposal offers clear potential advantages to the Scottish economy in terms of offering greater flexibilities for increased Scottish Government investment and underwriting of contingent liabilities in relation to the current pandemic.

I am sending a copy of this letter to Business Managers and to Convenors of Committees with a direct interest in considering the LCM for the Bill:

Bill Bowman, Convenor of the Delegated Powers and Law Reform Committee;
Clare Adamson, Convenor of the Education and Skills Committee;
Lewis Macdonald, Convenor of the Health and Sport Committee;
Margaret Mitchell, Convenor of the Justice Committee; and
James Dornan, Convenor of the Local Government and Communities Committee.

Yours sincerely,



Michael Russell

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