



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Economy, Energy and Fair Work Committee

**Tuesday 24 March 2020**

**Session 5**



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Pàrlamaid na h-Alba

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**Tuesday 24 March 2020**

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**ECONOMY, ENERGY AND FAIR WORK COMMITTEE**

**10<sup>th</sup> Meeting 2020, Session 5**

**CONVENER**

\*Michelle Ballantyne (South Scotland) (Con)

**DEPUTY CONVENER**

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

**COMMITTEE MEMBERS**

\*Jackie Baillie (Dumbarton) (Lab)  
Colin Beattie (Midlothian North and Musselburgh) (SNP)  
Alison Harris (Central Scotland) (Con)  
Dean Lockhart (Mid Scotland and Fife) (Con)  
Richard Lyle (Uddingston and Bellshill) (SNP)  
Gordon MacDonald (Edinburgh Pentlands) (SNP)  
\*Andy Wightman (Lothian) (Green)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Gary Gillespie (Scottish Government)  
Fiona Hyslop (Cabinet Secretary for Economy, Fair Work and Culture)  
Christopher Nicholson (Scottish Government)  
Ian Storrie (Scottish Government)

**CLERK TO THE COMMITTEE**

Alison Walker

**LOCATION**

Committee Room 1



## Scottish Parliament

### Economy, Energy and Fair Work Committee

*Tuesday 24 March 2020*

*[The Convener opened the meeting at 09:32]*

#### Decision on Taking Business in Private

**The Convener (Michelle Ballantyne):**

Welcome to the 10th meeting of the Economy, Energy and Fair Work Committee in 2020. I remind everyone to turn all electrical devices to silent so that they do not interfere with the committee's work.

We have received apologies from Colin Beattie. A reduced number of committee members are attending, to ensure social distancing in response to Covid-19.

Under agenda item 1, do we agree to take items 5 and 6 in private?

**Members indicated agreement.**

## Subordinate Legislation

### Public Appointments and Public Bodies etc (Scotland) Act 2003 (Treatment of Non-executive Directors of the Scottish National Investment Bank plc as Specified Authorities) Order 2020 [Draft]

**The Convener:** Item 2 is consideration of a piece of subordinate legislation. I welcome Fiona Hyslop, the Cabinet Secretary for Economy, Fair Work and Culture, and Christopher Nicholson, Scottish national investment bank head of governance and policy.

The broadcasting staff who operate the microphones are working remotely today, so I ask members to wait for me to introduce them and then wait for their microphone light to come on before they speak.

I invite Fiona Hyslop to make an opening statement on the draft order.

**The Cabinet Secretary for Economy, Fair Work and Culture (Fiona Hyslop):** Good morning, convener and committee members. The purpose of the order is to enable the Commissioner for Ethical Standards in Public Life in Scotland to regulate the appointment of non-executive directors to the board of the Scottish national investment bank. That will take place prior to the new body coming into effect in the second half of 2020, and it follows the appointment of the chair designate in November 2019 and the Scottish National Investment Bank Bill receiving royal assent last month.

Putting the order in place is a vital step towards ensuring that the board of the Scottish national investment bank has the right skills and expertise and that members are in place for day 1 of the bank being established. Appointing the right people with the right skills is crucial for any organisation, and that is particularly the case for the Scottish national investment bank. The bank will be a cornerstone financial institution for Scotland, and its success will depend on the skills and credibility of its leadership. We also want to ensure that there will be a diverse and strong field of suitable candidates.

Equality is of course an integral part of the Scottish Government's business. As the Gender Representation on Public Boards (Scotland) Act 2018 is now in force, we will be working towards equal gender representation on the board of the Scottish national investment bank. We also want to ensure that the appointments are made on merit following an open, fair and impartial process that will be publicly advertised. The full participation of the commissioner's office will help to ensure that.

The commissioner's office has been fully engaged to date. It will assist with interviews and will be involved in a widely publicised advertising campaign that is designed to attract a strong and diverse field of candidates. The draft order will allow the appointment process to be progressed with immediate effect and, we hope, will enable the board of consumer Scotland to be in place by July 2020.

I hope that the draft order will receive the committee's support. My official and I are happy to take questions.

**The Convener:** Thank you. We will move to questions from members.

**Andy Wightman (Lothian) (Green):** Cabinet secretary, you mentioned consumer Scotland. Is the order not about the Scottish national investment bank?

**Fiona Hyslop:** It is about the Scottish national investment bank.

**Andy Wightman:** Okay. There has been some concern about the fact that the chair of the Scottish national investment bank was appointed without the oversight of the Commissioner for Ethical Standards in Public Life in Scotland. The committee previously wrote to the Government to ask for that oversight to take place. In evidence that the ethical standards commissioner, Caroline Anderson, gave to the Standards, Procedures and Public Appointments Committee in February this year, she said that she would have been happy to do that, but that no order under section 3(3) of the Public Appointments and Public Bodies etc (Scotland) Act 2003—the type of order that we are dealing with today—had been laid and therefore it would be ultra vires for her to do it.

Why was a section 3(3) order not laid before the chair was appointed to ensure that the appointment came under the scrutiny of the ethical standards commissioner?

**Fiona Hyslop:** Clearly, the committee was involved in the process of establishing the Scottish national investment bank. Technically, legal convention dictates that a section 3(3) order for a new body is not laid in Parliament before the bill to create the new body has parliamentary approval. To do that would pre-empt the will of Parliament and undermine the process.

I am not sure whether Mr Wightman was a member of the committee throughout the process of establishing the bank, but the previous cabinet secretary certainly engaged with the committee on the issue. In a letter of 13 June 2019, in response to a request from Derek Mackay for the commissioner to be involved, which I think followed a request from the committee, the commissioner said:

"I understand why the Committee may wish to see some form of oversight for this appointment process but regret that it is not something that I would be able to do."

She was clear about that, and it was accepted by the committee at the time.

**Andy Wightman:** It was. She could have done that had there been a section 3(3) order, but your position is that there was no order because convention dictates that you do not lay such an order before the bill has royal assent. Is that correct?

**Fiona Hyslop:** The organisation did not exist. The commissioner has a list of what she can and cannot do in her operation. Therefore, for the order and the process of referral to the commissioner, it is important to have the body in place first. It is a chicken-and-egg situation. Obviously, we first want to ensure that we have the body in place, and we then have the process for the other non-executive members, which is what we are doing today.

We felt that, in order for the bank to hit the ground running, it was important to have a chair designate in place. That was laid out fully and frankly. After coming into my new post, I obviously looked at the process. Over many years, I have dealt with a number of appointments for many different organisations. It is clear that the previous cabinet secretary had positive engagement with the committee on the process.

I will bring in Chris Nicholson to address the member's particular point.

**The Convener:** Can you slow things down slightly so that the broadcasting staff have a chance to know who is speaking? I do not mean that you should slow down your speaking; I mean that we should slow down when we move from person to person.

**Fiona Hyslop:** Okay. With your agreement, I will ask my official Christopher Nicholson to address some of the points that Andy Wightman has raised.

**The Convener:** Thank you.

**Christopher Nicholson (Scottish Government):** As the cabinet secretary mentioned, the approach that we outlined in the first letter to the committee on 24 April last year was that, following the guidance for the set-up of new bodies, we wanted to have the chair designate in place to make a meaningful contribution to the development of the programme to establish the bank. That meant proceeding with an unregulated process prior to the bill receiving stage 1 support, so that we could go out to advertise immediately. That is why a section 3 order was not sought at the time.

**Andy Wightman:** I do not want to be pedantic about this, but I am trying to get it clear for the record. A section 3 order could have been sought immediately after the stage 1 consent.

**Christopher Nicholson:** That is correct, but if we had sought an affirmative order after stage 1, we would have had to wait for it to pass in Parliament before we could even go out to advertise. That would have significantly delayed the recruitment of the incoming chair, given the timetable that we are operating to. For the reasons that are outlined in the correspondence with the committee, we thought—and the committee agreed—that it was appropriate to proceed on the accelerated timetable. Our two objectives were to get the right person, which we have done, and to get them in early so that they could start to be involved in the key decisions for the development of the bank, which they have been.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Are we happy and content that, despite that unregulated aspect of the process, it followed the code of practice?

**Fiona Hyslop:** Yes.

**Willie Coffey:** Thank you.

**The Convener:** Are there any other questions? Are members satisfied with the evidence that they have heard?

*Members indicated agreement.*

**The Convener:** We move on to agenda item 4 and I ask the cabinet secretary to move motion S5M-21312.

*Motion moved,*

That the Economy, Energy and Fair Work Committee recommends that the Public Appointments and Public Bodies etc. (Scotland) Act 2003 (Treatment of Non-executive Directors of the Scottish National Investment Bank p.l.c. as Specified Authorities) Order 2020 [draft] be approved.—[*Fiona Hyslop*]

*Motion agreed to.*

**The Convener:** In light of the timing, does the committee agree that I, as convener, and the clerk should produce a short factual report on the committee's decision and arrange to have it published?

*Members indicated agreement.*

**The Convener:** I thank the cabinet secretary, and I thank Mr Nicholson for attending.

## Covid-19

09:43

**The Convener:** We will now take evidence on Covid-19 and its impact on the economy and work from Fiona Hyslop, the Cabinet Secretary for Economy, Fair Work and Culture. She is accompanied by Gary Gillespie, chief economist, and Ian Storrie, head of non-domestic rates policy, both from the Scottish Government. I remind witnesses to wait until they are introduced and for their microphones to come on before they speak, so that the broadcasting staff can pick them up. I invite the cabinet secretary to make an opening statement.

**Fiona Hyslop:** Thank you for the opportunity to update the committee on the economic response to Covid-19. I will outline what we are doing to protect lives and support the economy during what is both a health and an economic emergency. First, I will outline the underlying principles. My ask of businesses, individuals and society is for everyone to take responsibility and to do the right thing to help us to get through this. We need everyone to be part of the national mission to beat the virus.

I thank the vast majority of companies that are doing the right thing for their families and the country and I have a clear message: a critical business need is not what is critical to run your business; it is what is critical to run the country. In their statements last night, the Prime Minister and the First Minister made it clear that we are now in a new era of strict restrictions. Employers must protect their workers and embed the ethos of fair work; they must allow their staff to follow medical advice to isolate either themselves or as part of their households; and they should allow workers to work from home and stay at home, and ensure that they do so. Workers should never feel pressured to breach advice and should not be put at unnecessary risk, and nor should they put others at risk of infection.

Any workers who are not an essential part of our critical provision to keep the country running or to provide healthcare should work from home and stay at home. The public must stay at home to contain the spread of coronavirus and save lives. People must not travel for tourist activity, particularly to the Highlands and Islands. People must stop panic buying food supplies. We must ensure that the livelihoods of people in all parts of the country—rural areas, islands, the central belt, cities, towns and villages—are protected. There are enough stocks to provide food and other essentials for everyone.

09:45

The economic impacts will be significant. Despite all the measures that have been taken to date, businesses are closing and workers are losing their jobs. However, we must get as many businesses as possible to operate remotely, with staff working from home, or to go into hibernation, using the wage subsidy together with loans, to get through this. Any step down for critical business needs must operate strict social distancing for health protection.

My approach in the economic response has three key objectives. First, we want to mitigate the immediate impact by first and foremost protecting lives, providing income protection for workers and households and maintaining critical national infrastructure and services. Secondly, we want to limit the medium-term impact on the economy by supporting businesses to maintain productive capacity and enabling diversification to respond to our most pressing needs. Thirdly, we must not lose sight of the longer term and we must ensure that Scotland emerges from our current challenges—as we will—as a wellbeing-focused, inclusive and net-zero economy.

In mitigating the immediate economic impact, our immediate focus is to save lives, protect jobs and businesses, and maintain incomes. I welcome the additional United Kingdom Government measures that were announced on Friday to support business and to provide income protection for workers and households, including the job retention scheme, which will pay up to 80 per cent of wages. It provides some reassurance to those who are anxious about the months ahead. The UK budget also provided a similar package for the most affected businesses, via rates relief and statutory pay cover, followed up by a further £20 billion of additional spending and support. In Scotland, we committed to all consequentials going to business as part of the comprehensive economic response, including a £2.2 billion package of measures to support business and a £350 million fund to support welfare and wellbeing for the most vulnerable.

I wrote to the UK chancellor this weekend, pressing for the extension and increase of statutory sick pay to provide a more effective safety net and seeking assurances for the 330,000 self-employed workers in Scotland. The removal of the minimum income floor is welcome, but the goal has to be a more comprehensive job retention scheme that encompasses the self-employed.

I am also taking action to mitigate the medium-term impact. We will work to support otherwise viable businesses to protect their productive capacity through this crisis. We will maintain our critical economic infrastructure to secure delivery

of key services and industries, such as health, energy, transport and food distribution.

We have clarified our guidance regarding critical childcare. As the First Minister has made clear, we closed schools for a health reason. We must keep the number of children who are taking up childcare spaces to an absolute minimum. Employers have a responsibility to prioritise their work, change shift patterns, support working from home and drop non-essential work. It is about saving lives. Any work that takes place must comply with social distancing requirements. We will be working closely with the private, public and third sectors to help local authorities in their decisions about key workers and childcare as matters proceed.

Some businesses will have to start hibernating now in order to reopen later. We will support and encourage some limited businesses to repurpose activity productively, particularly in healthcare, to help to provide supplies in that area.

I am in regular contact and communication with business organisations and the Scottish Trades Union Congress. I met the STUC and affiliated unions last week. I am holding a teleconference with them this afternoon and I look forward to agreeing a fair work approach with them to deal with the current crisis.

All businesses have access to our Covid-19 helplines and website support is also available. Later today, I will chair an emergency meeting of the banking and economy forum. I also have weekly quadrilateral meetings with UK and devolved ministers. On Friday, the First Minister chaired the economy ministers group, which meets weekly.

One of our key aims is to unclog supply-chain blockages. That is essential if we are to keep our economy moving. Along with local authorities, we have removed restrictions on delivery times for retailers, thereby helping them to keep shelves stocked; we are changing the law to temporarily relax the single-use carrier bag charge for home food deliveries; and we have taken steps to ensure that we pay our suppliers as promptly as possible. That should be passed on to supply chains to help to keep money in the system. Making sure that people have money in their pockets and that there is cash in the system is part of our immediate response, and we encourage everybody who can pay their bills to do so promptly. The Scottish Government and Scottish public sector organisations will certainly do that.

We must also have a line of sight to the future economy. At the moment, it is hard to think beyond the immediate crisis, but Scotland will recover, and I will retain a focus on ensuring that our economy and our businesses emerge fit to

meet the grand challenges of the post-Covid-19 era.

I thank the committee for giving me the opportunity to update it. I will provide as many answers as I can, but I ask members to please bear with me, as the situation is developing rapidly. If I cannot provide an immediate answer, I will make sure that the committee gets an answer, and I will update it as regularly as I can.

**The Convener:** Thank you, cabinet secretary.

I will start by asking a question that has been put to me in the past week by several companies that are involved in various forms of construction, such as electrical work and joinery. They heard the First Minister advise the whole of the construction industry to stop, but many people have contacted me to tell me that they often work alone—for example, if they are rewiring a house—or in an empty building. Are they included?

In addition, many businesses have raised concerns that, although the job retention scheme might pay 80 per cent of wages if staff are asked to stop working, there is no direct cover—other than by, say, taking out a loan—for all the on-costs of vehicle leasing, buildings and so on. Taking out a loan will just kick the can down the road and will probably put the business in difficulty in the future.

Will people who work in the construction industry be able to keep working if they work alone or if there is good social distancing on site? Can they re-interpret what they thought they heard the First Minister say?

**Fiona Hyslop:** The First Minister was clear in saying that work on construction sites should end, but that does not mean that all construction work will end. As I said, there are construction workers who are critical in meeting the critical infrastructure needs of the country. There is maintenance work that needs to be carried out to ensure that key infrastructure runs properly and efficiently.

Yesterday, the First Minister made it clear that construction sites should close. It is not simply a question of social distancing on site; there is the issue of how people travel to sites. Five or six construction workers travelling together in a van to a construction site—as has happened this morning—is not social distancing. Those workers put at risk not only their health but that of their family, when they go home. The closure of construction sites must be seen primarily as a health protection measure. That is why the Scottish Government has set out the position that was relayed by the First Minister yesterday.

**The Convener:** For clarification, if somebody travels alone to a site and works at a safe social distance, can they keep operating?

**Fiona Hyslop:** It would depend on whether that work was critical for the maintenance of the country's critical infrastructure. That is the test that must be applied.

Your second point was about the incomes of businesses and individuals. The 80 per cent wage subsidy that is to be provided by the UK Government is welcome but, as we have heard, the scheme—which is to be operated by HM Revenue and Customs—will not come in until the end of April. That is the UK Government's current timetable. Therefore, the provision of loans that went live yesterday is part of the overall solution. We must seek to find an overall solution that addresses the problems of every part of the economy. That is why I said what I said about the self-employed. It is critical for the lone workers and sole traders that you mentioned that that area is addressed, and it is imperative that other measures are taken as part of the job retention scheme. We must make sure that every part of the economy and all the workers in those various areas can be addressed in some shape or form.

Be under no illusion: this is a health crisis, and as such, it is incumbent on all employers, whether in the construction industry or other industries, to look at themselves today and ask whether they are doing something that is putting their families, neighbours or elderly relatives and friends in jeopardy by making people come to work when they should not be at work.

**The Convener:** I am sorry to push you on this, but it is important because a lot of people are affected. Are you saying that, if somebody can leave their home in their vehicle, drive to their destination where they will see nobody because they are working in an empty building, complete their work and drive home alone in their vehicle, they still cannot go and do their job?

**Fiona Hyslop:** We have made it clear that this is a public health crisis. That means that everybody has to play their part, including the sole worker that you have talked about. Companies have been told clearly that people should work from home where possible. As of yesterday, some companies were not doing that.

If we start doing this by exception for individual cases, we will undermine the overall public health requirement of the country. We have to see it as a public health requirement. My job as economy secretary is to make sure that we have measures in place to support people through this difficult time, which is about social distancing and people staying at home. Last night's announcements from the First Minister and the Prime Minister could not have been starker. Let us not look at exceptions; let us make sure that everybody complies with public health requirements, unless we are talking

about critical infrastructure needs for the running of the country.

**The Convener:** I hear what you are saying. Obviously, nobody wants to put anybody's health at risk, but there is clearly some confusion about situations where people are complying with all the public health requirements and are not coming into contact with anybody. Most people who are in any kind of practical job cannot work from home. Homeworking is really available only to those who are in some sort of service or information technology industry. Most people who are in most other jobs, whether in retail, construction and so on, cannot work from home. Is the message that you are giving that only IT workers or people who are in a service industry can operate from home and that everybody else has to stop?

**Fiona Hyslop:** We have been clear enough about people not travelling unnecessarily. Travel is one of the main ways of communicating the disease—

**The Convener:** That is on public transport.

**Fiona Hyslop:** Can we just focus on the public health needs and requirements?

We are developing a comprehensive package. It is not finalised yet, because we need to do more, precisely because of the people that you have been talking about—self-employed people or sole traders. The provision of grant support to help small businesses will go live today, which means that small businesses can apply for grants to get them through this difficult period. If someone is self-employed and they have a property that is considered to be part of the business, they will get that grant if they apply for it.

There is also the 80 per cent wage subsidy, particularly for those companies that are going into hibernation. We need to make sure that we have a safety net for everybody. The situation will be temporary, but it is essential that we get people to stay at home, because that is how they will stay safe.

**The Convener:** We will move on, but we might come back to that.

**Willie Coffey:** Like other members, I have been inundated with email inquiries from constituents about whether people should go to work. I have heard some pretty disturbing stories about certain businesses and industries remaining open during this period.

Where are key workers, key business, key industry and criticality defined? Is it the UK Government that defines them or are we able to further define them, and refine those definitions, to help our businesses, industries and staff?

**Fiona Hyslop:** You have raised a number of issues. On critical sectors, the UK Government has set out a number of areas that are critical to infrastructure and the running of the country. The Scottish Government will supplement that information, and we will make sure that we communicate it to the committee as soon as it is available.

10:00

Let me give you one example. The UK Government includes finance in its list of what is critical, but that does not include everyone in finance, by any means. As I just explained, if we are to ensure that the country can keep running, small businesses need to apply for loans. Therefore, some finance provision needs to be working to ensure that people can get loans to pay their staff's wages, in some cases until people can get the wage subsidy that will kick in at the end of April.

People do not necessarily need to be working in offices to deliver that. I spoke to a senior executive in one of the major banks, which, in a very short time, has moved 3,000 of its 4,000 telephony staff to home working. People can sit at home and carry out that function. That is a good example that shows that we are not talking about everyone in a sector.

Health is the critical sector. The key workers whom we need just now are the nurses in intensive care units, the doctors in accident and emergency and the people who are looking after our elderly people in social care. Those are the key workers.

Local authorities have moved mountains in a very short time to set up hubs to provide childcare support for key workers. John Swinney set out the categories in that regard. It is for businesses, particularly those that are critical to the running of the country's infrastructure, to identify their key workers. Like many parents, I received the form for childcare for key workers earlier this week. My son is doing his studies from home—he is able to do that—but some key workers in health need support. There are three categories on the form. Healthcare workers are prioritised; the second category is workers in the emergency services and other areas, and the third is workers in areas that might be critical to infrastructure.

I am sorry to go on at length, but it might be helpful to explain that, as well as identifying key workers in relation to childcare requirements, we must identify key workers in relation to the testing that is required—I know that the health secretary will make a statement about that later. Key workers, particularly in a health environment, who have had to stay at home and follow public health

guidance, will want to get back to work if they can do so. People are really concerned about that. Therefore, the identification of key workers for testing is another area about which you will hear more from the health secretary. I am sorry to talk at length, but that is important information.

**Willie Coffey:** That was helpful.

I am hearing stories from my constituency this morning about builders and merchants yards still being open and distributing materials to customers. I have heard that rail engineering workshops are asking their staff to come in. Surely that cannot go on. Where are the powers to intervene and close places down?

**Fiona Hyslop:** There is emergency legislation; this afternoon, we will consider the Scottish Government's legislative consent motion. We need to scrutinise the LCM at pace, to provide powers.

There are powers. Let us take the example of the clear non-compliance on the part of pubs. I should say that the vast majority of pubs and restaurant businesses and other companies are doing the right thing; the problem is that it takes only a small minority who do not do the right thing to cause the contagion that we know will overwhelm the health service.

People need to comply because it is the right thing to do. Ferguson's shipyard is closed. As soon as we heard the information from the Government, we closed it, because the company is owned by the Scottish Government. That is what other businesses have to do, and they have to do it at speed.

These are difficult times for people, but we will come through them. If companies are closing, people need to speak to their staff remotely—my life has become a telephone conference call just now. People have to be responsible and communicate by email and so on. Staff will help companies through these times; they will have ideas about how to get to the other side.

This is a critical time. Anyone who is listening to the chief medical officer or the national clinical director will know that this is the key time if we are to flatten the curve and make sure that we do not overwhelm the health service.

That is why people have to take individual responsibility. It is not somebody else's problem; it is their problem. That is why we are saying to builders yards and such places to please not operate in a way that brings people into any close contact, because that is not social distancing.

I know that people will have a lot of time and want to do work around their house—I am sure that we will be a country of wonderful gardens at the end of this—but we ask them not to be selfish

in how they approach that. That is true both for individuals who want services and for employers who, by looking after their workforce, are looking after their own family and neighbours.

**Willie Coffey:** Thank you. I am keen to come back in later, but I know that colleagues want to come in, too.

**The Convener:** Can we have some quick clarification? There will need to be clear instructions for businesses such as builders yards and timber yards, because a joiner contacted me today to say that he has provisionally been asked whether he can build dividers in the hospital, should that be required. If all the businesses and supply yards are shut down, people like him will not be able to get the materials that they need. There should be clarity around the need not to shut all such businesses down; otherwise the critical infrastructure will not be supported.

**Fiona Hyslop:** Exactly. That is why I said that we have been looking at construction, for example, and it will apply to other areas. If a business is doing building work in hospitals to ensure that the critical health need of the country is being dealt with, that service will be required. However, that is specifically about the public health aspect.

**The Convener:** But it requires the supply chains to be available when people need them.

**Fiona Hyslop:** That relates to the repurposing that I talked about, which is particularly about supporting health needs. That is what some businesses will be required to do, but let us take a commonsense view. Part of that is about businesses planning how they will operate in relation to the contracts that they have with the hospitals to make sure that, at every step, the work is done in a way that complies with social distancing requirements. However, there cannot be blanket permission for everybody to stay open. If people think that there is, there is a danger that everybody will stay open, and we are certainly far from wanting that. As of last night—in case anybody did not get the message—we are in a public health crisis and everybody has to step up to the mark.

**Jackie Baillie (Dumbarton) (Lab):** There is clarity in the Government advice, for those who choose to read it. I am keen to test the issue of enforcement. In my area, one or two pubs opened and hotels were hosting weddings—entirely inappropriate behaviour when practising social distancing, never mind when moving to a position in which we are advising certain businesses to close. How will the Government enforce its advice? I will give a topical example. Today, Sports Direct is insisting that all its employees go into its stores. Quite how Sports Direct is essential

to critical national infrastructure is beyond me. How can we enforce the advice and ensure that it does not open?

**Fiona Hyslop:** I think that the public will take a very poor view of people who are deliberately compromising public health. The reputations of a number of companies that are forcing their workforce to come into work will be irreversibly damaged. They need to think about the consequences for themselves.

The emergency powers will help with enforcement. That is why it is important that those powers are passed, at speed and with proper scrutiny. However, we have seen the situation with pubs and restaurants, where the police had to resort to emergency provisions on licensing. At a time of public crisis, the police have better things to do as part of the planning and support for the health service and others. Licensing is about the sale of alcohol, so it is easier to enforce such closures, but that is not the best use of police time and effort.

I am trying to understand where people are. They have had to shift their behaviours rapidly over a very short time, which has required a lot of mental adjustment as they realise what social distancing does and does not mean. The country is having to completely change its way of operating, at speed, whether socially, personally or in terms of the operation of businesses and companies. On the one hand, I have great admiration for companies that have taken the situation seriously, made business continuity plans, thought through what they would do and executed that very quickly following the advice.

However, there are some exceptions and unfortunately it is not just them that are affected; the exceptions affect everybody else. It is a critical issue. It is about how to take people with you. This is obviously going to last for a considerable amount of time—I cannot tell you how long, but it will be considerable. In Scotland, we have tried to be open and transparent with people and to take people with us so that everybody can work together on this. If people feel that they are part of a national mission, everybody will go that extra mile.

Fantastic work has been happening with businesses and indeed communities making sure that they can support their streets, their towns and their communities and that there is resilience in place. That is fantastic, but that means that everybody has to step up to the plate.

There is a difficulty with enforcement—I cannot pretend that all those powers are there. Some are there and they will be used judiciously. I think that there will be a statement at some point from the

justice secretary, and some of these points could be put to him.

**Jackie Baillie:** The cabinet secretary mentioned alcohol, which neatly leads on to whisky bottling plants. Whisky is a key part of our food and drink industry, but the bottling plants employ a huge number of people who work quite closely together and I do not think that there is necessarily personal protective equipment available for them. What is the Government's advice in that situation?

**Fiona Hyslop:** I have a major plant in my own constituency and I know the importance of whisky bottling to the economy, but there will be companies that will have to either step down or go into hibernation and therefore use the support that is available for them.

I commend those distilleries that have been innovative and creative, putting their distilleries at the disposal of the health service to make hand sanitisers and so on. That is a creative response to the situation. They are the companies that people will remember—it is the distilleries that are doing the right thing and helping public health by making sanitisers that will be supported in the future, not the companies that are making their workforce go to work unnecessarily.

If distilleries are operating—even if they are making sanitisers or other things that are required for the health infrastructure—it is really important that PPE is provided where possible. They will need to analyse the situation. Health and safety and protection are paramount. Part of the information that I will be producing with the STUC is on what we expect from people in relation to the health and safety of their workforce, if that workforce is in operation.

**Jackie Baillie:** Just so that I understand this properly, if they are simply bottling whisky and there is no PPE, you would not recommend that they continue.

**Fiona Hyslop:** I do not think that anybody should be travelling to work just now. These are the sort of companies that should not necessarily be working in the first place, but the issue is, can they go into hibernation in a way that they can afford?

The loans that were established for companies by the chancellor are extensive. I suspect that the alcohol industry and bottlers might be in a better place in terms of loan provision than other companies, but that loan provision takes people through from now until the end of April. From the end of April, the 80 per cent wage subsidy will kick in.

**Jackie Baillie:** I have one other question and then I will let other members in. Can you confirm that you regard pharmacy and food retail as

coming under category 2 of the key worker definition? You will appreciate that both pharmacy and food retail are critical to the country's response and we need to keep people supplied with medication, and fed. We have seen some very strange behaviours, such as people bulk buying, which we do not want to encourage. For a number of the people who work in pharmacy and food retail, being able to go to work is dependent on childcare. A lot of these people are women.

There has been some confusion and some inconsistency of approach, so can you give a clear signal on how you would regard pharmacy and food retail workers? Are they part of the critical national infrastructure and therefore category 2 key workers?

**Fiona Hyslop:** Category 1 is for health workers and social care workers. Pharmacy work undoubtedly has to be considered key work. Everybody is quite aware of the gearing up of the health service.

However, the immediate pressures on pharmacies have been very acute. Pharmacists, and everyone who works in a pharmacy, are all under a tremendous amount of pressure and have done fantastic work. They are part of the system. Workers in food retail, and those who ensure that supply chains are going, are also critical. There is a point about ensuring that there is a sensible approach to shift working.

10:15

It is important to remember that people who are working in food retail also might need to go into self-isolation because of underlying health issues, and that those workers need to be supported financially. The Scottish Retail Consortium has been good at engaging rapidly with the Scottish Government and ensuring that we understand its needs, and that it understands the needs that we have in supporting it. The recruitment that is taking place in that sector at the moment will provide some support.

There will be a limited number of spaces in each category, and that number will be in different local authority areas. That number has to be led by the public health situation, and there might also be geographical factors. As I mentioned, parents who are key workers will fill in the form that I received—I did not complete the form, but I received it. From those forms, local authorities will be able to identify how supply and demand is working. Going through the categories will also allow them to ensure that they are doing the most for the people in each of the categories. It also means that local authorities will have to identify who is a critical worker for the food supply, and who is not.

I am happy for the education secretary to give you more up-to-date information on key workers, because it is not my distinct area of responsibility. I am looking at how we keep the country running. However, I know that key workers will want to know what is happening. Following yesterday's announcement, we will have a better idea as to how supply and demand is working for provisions. It will be different in different areas.

My constituency is semi-rural, which means that we have pick-up points and people have to travel to other areas for supplies. That creates issues.

The shift patterns of workers who are not absolutely critical should be considered, as different shifts might help them with childcare.

**Jackie Baillie:** The cabinet secretary is right that her function is to keep the country running. The Scottish Retail Consortium and the Union of Shop, Distributive and Allied Workers regard those workers as key in keeping the country running. I understand her explanation of the differences across the country. However, I am trying to get clarity that the Scottish Government regards food retail and pharmacy workers as category 2, because they are part of supporting our critical national infrastructure.

**Fiona Hyslop:** I am looking in my briefing papers to find the different definitions and lists, but I do not have that information to hand.

The supply of food is key, but not every worker in the food supply and retail area will be defined as a category 2 worker. Not everybody will be classified as category 2, and not everybody needs to be, because if employers are sensible in their planning and working, they will allow those who have childcare responsibilities to be classed as category 2 or to work on a suitable shift pattern. Part of that is about ensuring that those who absolutely need childcare will get it.

**Jackie Baillie:** The difficulty is that the UK's list of key workers is very clear, but the Scottish list is a bit more fudged. I understand what you are saying. However, the lack of clarity is leading to people being excluded from childcare on grounds that fit with your definition of what would count. Clarity on the part of the Scottish Government would be enormously helpful for implementation.

**Fiona Hyslop:** I agree, and we will ensure that the appropriate cabinet secretary can provide that information to you. However, the critical thing is public health. The UK's categories are very broad.

**Jackie Baillie:** I get that.

**Fiona Hyslop:** The UK Government list will not mean that everybody within those broad categories will get childcare. Everybody wants to interpret whether they are in one of the categories and will get that support, but we have to ensure

that we limit the numbers that are using childcare. If we do not, public health will be compromised.

**Jackie Baillie:** There are reports of local authorities not sending key workers away, but sending teachers and childcare workers away because there are insufficient numbers of children to be cared for. Therefore, there is clearly a gap between the perceived demand and the actual demand. As a consequence, people are being excluded who should, perhaps, not be.

**Fiona Hyslop:** That is a very important point, and it is why some rebalancing will take place to ensure that there is enough cover for those who need it, but that public health is not compromised because of the numbers of children who attend.

That is why I said on Monday—yesterday; this is Tuesday and remember that the schools closed only last week—that authorities have moved at pace and scale to ensure that there is provision. They have done an extremely good job to get us to where we are, but some rebalancing will probably be needed once people realise what the demand is and what supply is required.

**Andy Wightman:** I thank the cabinet secretary and her officials for all that they are doing in these difficult times. I have a number of questions on the economy, but I am reluctant to extend the discussion. However, this is important. I have just received a text message with a key UK Government message, which I think has been sent by all mobile phone providers in the UK to every person with a mobile phone. It links through to a document that was published last night in relation to the advice and instructions that were issued yesterday on the staying at home policy, which says that people should leave the house only for one of four reasons, including

“Travelling to and from work, but only where this absolutely cannot be done from home.”

However, that is not the advice of the First Minister. Her instruction yesterday was to travel only to “essential” work if that cannot be done at home. The UK advice that has just gone out to millions of people is that they can travel to work, but only if it cannot be done from home.

You will be aware that people need clear guidance on what is essential work for the purposes of the public health emergency. The debate about key workers has been going on for 72 hours or so. It is under way and subject to clarification, and there is confusion on the point about essential work.

**Fiona Hyslop:** The First Minister has set out the Scottish Government’s position on what we need to do for public health reasons. We are working as closely and collaboratively as we can with the UK Government on the public health crisis, as we

have been for many weeks in Cobra meetings and so on. When we say things, we mean them; we do that deliberately, as does the UK. There will be times when our wording might be slightly different, but I expect that we will get together in quick order. We are trying to replicate the UK advice and be in step with it as much as possible.

**Andy Wightman:** But the messages are different.

**Fiona Hyslop:** I have not seen that text or the wording that the UK Government has issued, but I am clear that the advice is driven by public health, which is a devolved matter. The public health advice that we got yesterday came from the First Minister and the chief medical officer, and people understand its importance.

You are right that the issue about key workers has been around healthcare workers and childcare and, as Jackie Baillie said, workers in other areas. There is also an issue about what business is essential, which is why I made my remarks about what is critical business. A lot of people have interpreted “critical business” as meaning business that is critical for their company to keep going and we understand that, but that is why hibernation is a better place to be. Essential business is business that still needs to take place—

**Andy Wightman:** My understanding from the First Minister’s statement yesterday was that guidance will be published very soon, which is what I have been telling people. I have also been telling people to follow the First Minister’s advice, rather than the UK Government advice.

**Fiona Hyslop:** As I said earlier, there is the information from the UK Government that you are referring to, and the Scottish Government will provide supplementary advice.

**Andy Wightman:** But it is different. The advice published last night by the UK Government said that people could travel

“to and from work, but only where this absolutely cannot be done from home.”

In other words, it does not matter what the work is. Whether they work in a bottling plant, as electricians or on anything that cannot be done from home, people can travel to that work. However, the First Minister said that people should travel only to essential work and this morning you have talked about critical work. It is a very fast-moving situation and the public need clear advice, which will adapt as the days go on. I wanted to make that point, but I do not want to take up any more time.

**Fiona Hyslop:** Everything is moving very fast. That is why I am trying to recognise the announcements that were made only a week ago on areas such as social distancing and the

announcement only a few days ago about schools closing. Things are moving at a rapid pace for a reason—a public health reason.

People want immediate clarity about what they should or should not do. We are trying to give them that, but the situation changes day by day. Yesterday, the First Minister gave two statements, not just one. The second statement followed the Cobra meeting yesterday afternoon; we are working with the UK Government, and the First Minister is part of that process. The information that the UK Government has given out will be supplemented by information from the Scottish Government. I do not have that information to hand to you this morning, but we will issue it. We understand that there will be a strict interpretation of essential services.

**Andy Wightman:** Thank you. How are discussions going with the UK Government in relation to self-employed workers? Do you anticipate anything immediately?

**Fiona Hyslop:** I raised that with Alok Sharma when I spoke to him and at the first quadrilateral meeting that we had with other economy ministers. There is practical dialogue with the UK Government; it understands that something has to be developed and is working on it, but I do not know what it will be.

We estimate that there are 330,000 self-employed people in Scotland; they need to have a system in place, so we are impressing the importance of that on the UK Government. That is why I wrote again at the weekend.

Our chief economist, Gary Gillespie, will comment on the scope and scale of what we might need to consider with regard to the self-employed.

**Gary Gillespie (Scottish Government):** The issue with the self-employed is more difficult. As the cabinet secretary said, we estimate that around 330,000 people have reported as self-employed. Of those people, only a subset will pay their own income tax and national insurance and have a direct, contractual relationship with HMRC. Therefore, a similar scheme to that which has been enacted by the chancellor—to pay 80 per cent of wages through pay as you earn—becomes more difficult in the self-employed sector, because, of the 330,000 people, approximately 230,000 people in Scotland do self-assessments.

Some self-employed people earn below the national income threshold that means that they do not pay income tax; others will be outwith that system, so it is a more complex package. That is why we have seen changes to the benefits system and a mechanism to consider how we do that.

It is also more complicated when we consider the different roles and types of self-employment,

such as tourism-related or seasonal self-employment, because taking averages or snapshots of people's income at a point in time is more difficult.

If we step back and consider what is going on at the moment, we see that this is essentially a health crisis, which has brought about an economic slowdown—the slowdown is both a response to the crisis and what is required to deal with it. It is different from any normal slowdown and it is important to look at it in that context. As the cabinet secretary said, a positive outcome would be to reduce the curve of the public health crisis, if we can. In doing so, we know that economic activity will slow across the economy.

The key issue for us is support through the period for businesses, workers, families and income and the maintenance of productive capacity, so that, when restrictions are eased again, people are in a place where they can return to employment.

Members will see estimates of falls in the gross domestic product, which is typically the value of goods and services that are produced. People will say, "In previous recessions, we had X; this one is double that." This is different; it is a public health crisis. We are forcing compliance with public health guidance, which, as the cabinet secretary said, means that we have to restrict non-essential activity. The key thing is to protect people, so that, when the economy comes out of the crisis, we can pick up more immediately.

**Fiona Hyslop:** It looks as though two thirds of self-employed people could be part of a scheme that is driven through HMRC and PAYE. Those who are not part of such a scheme should not be left to rely on the benefits system alone, although some people who never thought that they would need to use universal credit might have to start to use it. We understand that the timescales for the provision of universal credit have changed from five or six weeks to day 1 after application.

10:30

We need to look at the package around that, including council tax deferral and provision of mortgage holidays by the banks. The grants system will be able to help some self-employed people if they work from premises. We are not just leaving it up to the UK Government. We are working with Kate Forbes on scoping all the areas around employment and self-employment, to see what schemes need to be put in place and what they would look like.

The best way forward would be to create a similar system to the job retention scheme. That would be a way forward for the bulk of self-employed people. Where that does not apply, we

have to look at how people can be supported. We have to look across the package of measures that can get people through this period.

That is why I am speaking to the banking and economy forum. There are people who are self-employed or freelancers who currently have no business relationship with their bank; they might need to have such a relationship in the short term. The banking side of things knows its responsibilities. It is key that people talk to their banks now. That goes back to my point about people who are homeworking. When someone is speaking to a person from the bank they might be speaking to somebody who is working from home and perhaps has a couple of toddlers in the background—by homeworking they are trying to do the right thing for the country.

I hope that that gives Andy Wightman an update on where things are. We hope to hear sooner rather than later, but I cannot give any timescales in relation to action by the UK Government, which would be responsible for announcing any such scheme.

**Andy Wightman:** It is employers who have to apply to become part of the job retention scheme and I know that some of them do not intend to be part of it. What is your message to employers who would rather lay off their workforce?

**Fiona Hyslop:** I say to those employers that we need to get through this and recover. They need to have productive capacity and a relationship with their staff. We will get them through this until we get to the other side. I urge those who have already taken early decisions to reconsider, because wage subsidy support is in place.

You mentioned examples of continuing outgoings and fixed costs. We need to be looking at how we can reduce some of the fixed costs that businesses face, so that they can go into stasis and hibernate but be able to recover. There are low-cost and interest-free business interruption loans, which can be quite considerable for some companies. If businesses want to be part of the recovery and have staff who want to work with them and ensure that they have a business to come back to after this period, they should be part of the overall scheme.

Our seeing this as an overall economic scheme, which helps companies to hibernate and helps companies that are involved in essential services to step down, and our ensuring that we act together in a national economic mission to support the public health mission, will mean that when we come out of this, we will have the staff, capability and companies to achieve a more rapid recovery. I ask businesses to be part of the system, part of the scheme and part of that national mission.

**Andy Wightman:** Is it correct that the reliefs for non-domestic rates are being automatically applied?

**Fiona Hyslop:** Yes.

**Andy Wightman:** Will that apply from 1 April?

**Fiona Hyslop:** Yes. We understand that some people received letters not long ago. However, the reliefs will be automatically applied on the basis of the grants. People will have to apply for the grants. Kate Forbes might comment on this later today, but I can tell the committee that those systems will go live today.

**Andy Wightman:** Given the nature of administering something like this, I presume that it is not possible to be more discriminatory. For example, Coylumbridge Hotel, which laid off its staff and made them homeless, will get £290,000 in rates relief. Is it the case that we just have to give it to everyone?

**Fiona Hyslop:** People have asked why we are using reliefs and grants based on non-domestic rates. It is a question of speed and simplicity. People want to have confidence that a scheme is in place that can be operated and delivered. That is why we have done it on the basis of non-domestic rates.

We have made some differences; I will ask Ian Storrie to comment on the variations. There are certain categories of things to which we do not want to give funding.

**Ian Storrie (Scottish Government):** Mr Wightman is correct that in the example that he gave, the business would qualify for relief. Unlike in England, where the grants are essentially universal for anyone who qualifies for the small business bonus scheme, the Scottish ministers have taken the decision to exempt some properties on the basis that it is a property tax, rather than a business tax. There are large numbers of properties that we would not typically consider to be small businesses. In England, such properties would qualify for a grant, but in Scotland, ministers intend to apply exemptions.

Examples might include billboards, ATMs, bare ground and parking spaces. Scottish ministers have taken the view that such properties are not impacted by Covid-19; they are inanimate objects that happen to be non-domestic properties. They will not be eligible for the grant. Unlike in England, where the approach will apply automatically to all small business rates relief-eligible properties, we will apply discretion and take an application-based approach to try to target reliefs at businesses that need them.

**Andy Wightman:** Okay. You are saying that, apart from those exemptions, grants will be available for those who are in receipt of the small

business bonus scheme rather than all those who are eligible for it. Someone will have to have applied for and received the bonus in the first instance, and then you will take some categories out.

**Ian Storr:** With a few exceptions. Some properties that would have been eligible for SBBS opted into a different relief scheme, such as disabled persons relief or day nursery relief. Such properties, if they would otherwise be entitled to SBBS, will be entitled to the grant.

**Andy Wightman:** I have been doing a survey of commercial short-term lets in this city and we have identified 382 to date, only one of which has planning consent. In other words, they are operating illegally. However, many are on the valuation roll and are in receipt of the small business bonus.

**Ian Storr:** Ministers have taken the decision to exclude self-catering, to try to get at short-term lets. Short-term lets are not a specified category in the non-domestic rates system. Self-catering and timeshare units and similar properties are currently exempt from application for the grant.

Having said that, in all categories, there are no universally applied definitions. We have given councils some discretion to take into account local circumstances and to apply the grant if they wish to do so. However, those classifications are currently exempt from eligibility.

**Andy Wightman:** How are Scotland's business support agencies—Scottish Enterprise and Business Gateway, which is run by local authorities—coping with the demands that are being placed on them, in the first instance, for general advice on what is available and what people should do?

**Fiona Hyslop:** They are resilient. People will be working from home, as all good employers will ensure that employees who can work from home do so. The agencies are reassessing their forward programmes; realistically, some companies' projects that the agencies were supporting will no longer be in a position to meet the timescales that were set. The agencies will make a statement fairly soon, if they have not already done so, on their future work and how they will reposition themselves to meet the immediate need.

As part of our economic response, one of the economy ministers is meeting the First Minister. I have identified key areas and tasks for different ministers to take forward. On business support and partnership action for continuing employment, it is Jamie Hepburn who is involved; I spoke to him yesterday about that. I spoke to Paul Wheelhouse about the oil and gas industry and I spoke to Kevin Stewart about construction. We are looking

systematically at different sectors to ensure that we work through all the issues for them, if we can.

Dare I say that the helpline was launched only a week past Friday? It is a long time since a week past Friday. A lot of information has now been made available online, including the information about business reliefs and grants, which I think went online on Wednesday or Thursday last week. The presence of online information has helped to reduce the pressure on the helpline. I reported to the Parliament last week, in response to a question from Pauline McNeill, that the number of calls had gone up to almost 2,500 per day. Since the information went online, that number has gone down to about 400 per day. However, after last night's announcements by the First Minister and the Prime Minister, we expect the number to creep up again as more businesses seek help and assistance.

We have increased capacity. We have worked with VisitScotland, which is obviously in a completely different place, because we do not want people to travel to Scotland at this time—we will want them to come in future and they will be very welcome then. VisitScotland has some capacity in terms of call centre and online support. There has been a lot of creative work to deal with pressure points.

I expect Scottish Enterprise to make an announcement about its activity fairly soon.

**Willie Coffey:** To go back to the self-employment issue that we were speaking about earlier, Andy Wightman had a number of inquiries from constituents who were not clear about it. Are the provisions for self-employed people not yet defined by UK legislation? Are we waiting for those provisions to be put in place?

**Fiona Hyslop:** I have a partial answer; as of now, I think that the UK Government expects the self-employed to look to the benefits system, universal credit, mortgage holidays and so on. I do not think that that approach is sustainable.

I know that the UK Government is working on a scheme, but I do not know the details. In my letter to the chancellor at the weekend, I said that, even if the details are not ready, the Government needs to communicate that there will be a scheme, because that would give comfort to a lot of people at a very disquieting time.

**Willie Coffey:** Are we pushing for the scheme to be along the same lines as the 80 per cent based on HMRC information? Is that what we are trying to get?

**Fiona Hyslop:** There are different solutions, such as the views from the Resolution Foundation. We should remember that other countries already have schemes; Ireland and Denmark have

established a wage subsidy that includes a self-employed scheme. Germany's wage subsidy scheme is not a scheme for the self-employed, but it may have already had a separate scheme that has kicked in. Different countries have different schemes.

It makes sense to make sure that a scheme is part of the overall package and not just for the self-employed. Where possible, it should use similar areas to HMRC and PAYE systems and existing relationships, almost like a reverse system. For many years, companies and individuals have paid taxes into HMRC; based on those details, the issue is whether we can use the system to pay out instead of self-employed people paying in. To me, the criteria for a scheme are that it should be simple and quick, using existing processes rather than inventing new ones, so that it can deliver sooner rather than later.

There may be a delay, which is why loans came into operation yesterday to help to tide people over. Even people who have not previously had a relationship with the banks will need to have one, even if it is just for a short time, until they can receive the subsidy from the self-employed or employed scheme.

**Willie Coffey:** You have spoken about measures that the Scottish Government may be able to deploy, in anticipation of a scheme being agreed. Could you expand on what powers we have and what help we could offer?

**Fiona Hyslop:** There is no point in replicating something that can be done somewhere else. Currently, we have devolved competencies and the UK Government has reserved competencies over the tax system. If the UK Government can do things through the tax system, it should do so. We should do the things that we can deliver.

That is the reason for Aileen Campbell's hugely important announcement last week about £350 million of welfare support. People who have never asked for support previously will have to ask for support. We know that the best way to get that to the people who really need it is to use the third sector charities that operate in individual communities, to make sure that that support is there. If people have an emergency crisis situation, the Scottish welfare fund can help. That is not for the long term, and certainly not for the volumes that we have been discussing, which is why we need a scheme in place to help with people's salaries.

**Willie Coffey:** Do you expect further clarity this week on most if not all of those issues?

**Fiona Hyslop:** I hope so, but I do not speak for the UK Government. I cannot say at what point we will get clarity, but it knows that it needs to work at pace on this. If it cannot give all the details, it

should at least give a signal that there will be a scheme—that should happen this week.

**Jackie Baillie:** To move on to the question of implementation, I recognise that things may be happening at pace, but when a business on the ground hears an announcement, it does not know what to do. I ask you to set out, for the grants and the jobs retention scheme, what is available from whom and when, so that there is absolute clarity for us and for all our constituents, whether they are in employment or running a business.

10:45

**Fiona Hyslop:** Okay. I will start with what the Scottish Government is responsible for. Support measures are available. As we have said previously, rates relief will be automatic for those who have been designated for it. People can get information on that from the mygov.scot website and the findbusinesssupport.gov.scot website, which Scottish Enterprise is involved with. Grants will also be available, the applications for which will be available now. The amount is £10,000 for small businesses. Those grants are available from noon today. That is live and current information.

On other support for businesses, the banking loan support that the UK Government has guaranteed came into operation yesterday. People should be looking for loan support.

There is also three-month mortgage support—mortgage holidays are supported—and people can ensure that they get council tax payment deferrals. Those things try to limit people's income issues.

On companies and their employees, companies can now take out loans that are backed by the UK Government to tide them over until the job retention scheme and the wage subsidy scheme are in place. The UK Government has said that the job retention scheme and the wage subsidy scheme will be in place by the end of April. They will be operated through HMRC and backdated to 1 March, which is important. Companies that are thinking of laying off workers or have done so should ensure that they are part of those schemes. Wage subsidies will be backdated to 1 March but, depending on the business's liquidity, it might need to take out a loan to cover it until the end of April. In the meantime, good employers will continue to pay their staff.

**Jackie Baillie:** Is there one portal though which people can access all that information or links?

**Fiona Hyslop:** The Scottish Enterprise findbusinesssupport.gov.scot portal has comprehensive information. It brings together what the Scottish Government and the UK Government provide and has links to their sources of information.

There has to be a complete package. We need a complete economic package to help to respond to the public health crisis, and our focus now is on working assiduously to try to ensure that we have as comprehensive a package as possible. We are encouraging the UK Government to do that, as well, so that people know where they stand and they can stand together to get through this crisis and still have jobs and businesses as we come out of it.

**Jackie Baillie:** Thank you. That is very helpful.

**Ian Storrie:** On the rates package, when we updated the mygov.scot website, we sought to email all MSPs through Mr Dey's office, and we expect to do the same today. In our typical non-domestic rates stakeholder groups, we have the Scottish ratepayers forum, which includes representatives from the hospitality sector, the retail sector and the self-catering sector—essentially, representatives of the large national bodies that represent ratepayers. We would typically communicate all that information directly through those networks, as well. We will seek to target large groups of employers through proactive communication in addition to consolidating all the advice on the same website.

We also expect that all councils will link to our website so that there is a consistency of message. Things are moving so rapidly that councils can quickly get out of date. We are likely to use our website as the hub on the NDR measures and invite councils to link to us.

**Jackie Baillie:** If I ran a small business in my constituency and wanted to know who to turn to for information, I would prefer one port of call that linked me to everything else.

I want to move on to fair work. I understand what has been said about the need to get the grants out speedily, but I am concerned that a number of employers that receive grants—not just in the example that Andy Wightman gave earlier—are not engaging in good fair work practices. For example, I can think of universities such as the University of Stirling, where some of the casualised workforce will be paid off, and I can think of other employers who have insisted that their staff take unpaid leave, rather than sick leave or getting paid, for following Government advice to self-isolate. I am also aware that some people are simply being penalised in all sorts of different ways.

Although I accept that you may not be making the support for business conditional on fair work, I wonder whether—at the end of the day—you have the power to take back some of the assistance if businesses do not observe fair work principles? If they take the grant and sack all their staff, are we really going to give them that money?

**Fiona Hyslop:** I take fair work principles very seriously, as has the Government over a number of years. That is why the discussions with the STUC and affiliated unions are very important, and why I expect later today to agree a strong statement of what we expect from businesses and organisations in relation to health and safety, paying workers when they are sick or self-isolating, supporting those with caring responsibilities, facilitating homeworking and so on.

On the question of clawback, in an ideal world, I would absolutely and strongly believe that those who receive public support through this period, but who do not adhere to fair work measures, should be penalised in some shape or form. However, I simply do not know whether that is at all practically possible.

It is, however, possible to make sure that we are clear about what we expect from businesses. The most important thing is to get the funds to the businesses so that they can pay their staff, and that is what we are doing. If we had made those funds conditional, I think that we would have ended up with a bureaucracy that would have delayed payments and meant that people would not have had money in their pockets. Therefore, we will be clear about what our expectations of companies and organisations are. However, I am sure that if Jackie Baillie, with her creativity and ingenuity, comes up with a measure to do that, we will—Ian Storrie is looking up, very worried; he is not sure what we can do on that point.

We will all be in an absolutely different landscape when we come through this. Those organisations that abide by the public health rules, support their staff, and abide by and support fair work principles are the ones that will be in the best place to recover and—importantly—to do so with support from the public purse at that time. There is also a point to be made about seeing things in the longer term, but I will not pretend that we have schemes for penalties or such like at this time.

At this stage, we are trying to ensure that everyone understands our national mission. In Scotland, we have values about fairness, and about respect for our workers, that matter. We know that, for people to get through this public health crisis and come out the other side in a strong way, companies' staff—their ideas and ingenuity, and companies' respect for them—are important, as they are what will mean that companies get through this and recover well.

**Jackie Baillie:** I agree with the cabinet secretary about the need to have values and principles, particularly just now. However, unfortunately, not all employers have heeded that message and the treatment of their staff is—frankly—appalling.

I wonder whether the cabinet secretary will keep a list of those employers that follow the Government advice and values and principles, and of those that patently do not. In addition, I will take up her challenge of considering whether there is something that could reward good behaviour at the end of this. I simply think that somebody, somewhere, needs to be monitoring that, because although we can insist that people do things and urge them to do things, the reality is that they are not currently doing them.

**Fiona Hyslop:** Yes, indeed; that is what we will do. We will support and celebrate and encourage those companies that are doing the right things, and we will make sure that those that are showing leadership for the country in the economic response to the health crisis are recognised for that. The issue of those that are not doing so will be—as Jackie Baillie said—a story for another day; however, I think that people will remember.

**Jackie Baillie:** Good. I will ask two specific questions. Many of the 200,000 people with critical conditions—such as cystic fibrosis—who have been told to self-isolate for 12 weeks also have jobs. Is there advice for employers that those people can cease to work, on full pay, for that 12-week period?

**Fiona Hyslop:** That is a very specific point in relation to those with very compromised health systems who—obviously—have to take special measures. I cannot give you an immediate answer about what we are doing in relation to their employers. We would not necessarily know who their employers are. However, I will take that point away and consider whether we can action it to give comfort and support to those who will be in the most extreme isolation.

**Jackie Baillie:** My next question is another specific one, so I would be happy if you wanted to take it away, too. A hotel in my constituency has gone into hibernation. It will take advantage of the job retention scheme, but of course it needs to put its staff into furlough in order to get the 80 per cent support. However, the hotel needs access to some of the staff some of the time. For example, they might be doing accounts, administration or property upkeep. Although the staff will be in furlough, small amounts of their time would be needed. Is there flexibility in the scheme to allow that?

**Fiona Hyslop:** We do not have the scheme yet, because the UK is developing it. It will be available for payment from the end of April, but it will be backdated to 1 March. The specific point that you raise was another one that I raised with my officials just yesterday. There might be a need for a step-down facility, even if it involves a minority of staff, with social distancing. Businesses that operate such an approach should not be penalised

by not being able to be part of the wider scheme. Common sense says that the scheme should extend to that, but I am not sure how that will work in practice. I will raise the issue with the UK Government, as it is an important point. A number of companies will be in that situation as they hibernate.

**Andy Wightman:** This is a fast-moving situation, so I appreciate the stress that everybody is under. The website that I instinctively go to is [www.gov.scot/coronavirus](http://www.gov.scot/coronavirus). There is a link to it on the Government's front page, but it has quite limited information. It tells us the rate of infection from the tests that have been carried out and the number of deaths, and it gives a couple of links. I mean this in a constructive way, but in my view that site could contain the key links to Scottish Enterprise, the Convention of Scottish Local Authorities or whatever. The information is spread out and people are looking for information much more quickly than they would ever have wanted it before. Is work being done to try to make the information much more seamless?

**Fiona Hyslop:** We are constantly developing and improving communications in all shapes and forms. However, the developments have been rapid. Just in the past week, something that was a public health emergency involving a reduced capacity of perhaps 20 per cent in the economy has become a situation involving major change. We understand that.

One important thing about updates is the dates on which they happen. I am sure that everybody is looking at the dates when measures are current, because those will change regularly. However, your point is well made, and I will ask the Scottish Government communications people to consider ensuring that the portal that everybody is using has links to information elsewhere. Links are being established to information from COSLA, to the Scottish welfare fund and to the [findbusinesssupport.gov.scot](http://findbusinesssupport.gov.scot) website, which provides a good and simple way for people to identify their needs and where to go.

The member makes an important point, and I will definitely take it away and ensure that improvements can be made. However, please be aware that everything is moving at pace.

**Andy Wightman:** We absolutely get that.

Just for the record, will the Government publish a list—even though it will change and adapt—of the work that it considers to be “essential” in relation to the instructions that were issued by the UK and Scottish Governments last night?

**Fiona Hyslop:** Yes. As I have said, we will provide supplementary advice and guidance on that produced by the UK Government.

**Andy Wightman:** That would be extremely helpful. For example, I have constituents who are going into work because they need to shut down labs safely. They clearly need to go into work, perhaps for two or three days, to safely shut down various chemical processes and so on. However, I also have constituents who are being told to go to work that is utterly non-essential.

**Fiona Hyslop:** I think that you have said it.

**Andy Wightman:** Great.

Do you have any sense of what the impact of Covid-19 will be on the Scottish economy? What real problem areas are you identifying that will need assistance when we come out of this, rather than now? In some areas, businesses might not be safely hibernated, they may no longer have a market or the workforce may decide to go elsewhere. It is probably too early for that, but I presume that we need to start thinking about it.

**Fiona Hyslop:** The chief economist, Gary Gillespie, can answer that.

11:00

**Gary Gillespie:** as I said earlier, we need to think about this differently, and in context. In a normal business cycle recession, things would typically be impacted by a range of factors. We would see particular impacts hitting different parts of the economy. What we are seeing now is of a totally different order of magnitude and speed, as is necessary in order to meet the extent of the health crisis.

In one sense, the typical measures that we use to look at the economy do not really matter at this time. It is good and positive that businesses close, if they do so in order to adhere to the health guidance. In thinking about the recovery, our key criterion is, when things pick back up, how many of those businesses are able to come back to where they were, and to come back very quickly.

On the question about sectors, there has been an immediate impact on the sectors that are most closely associated with personal contact, such as hotels, catering and tourism. However, it is spreading more widely. In that context, as a policy response, we have to do things differently.

As the cabinet secretary has said, a comprehensive package of support is required to enable businesses to get into the right outcome for the period. For some businesses, the response will be to safely hibernate, to protect their workers and their capacity, so that they can reopen. For other businesses, there may be an opportunity to repurpose some of their activity, to give support in the health crisis. In some sectors of the economy, as we have mentioned, demand is greater. There are supply issues around medical provision,

supplies and pharmacy, so there is potential for those sectors to expand.

In terms of recovery, this is not like a normal downturn, during which we would worry about losing productive capacity through competition or not responding sufficiently. This is about protecting workers and businesses, and giving support in the public health crisis.

Positive things may come out of the situation, relating to how we work, how many people need to travel, more remote working, how we link to the environment in terms of some of our climate policies, our green policies, and also in valuing different types of employment—for example, lower-paid employment that is involved in some critical functions including the provision of goods and supplies. That is a different way of thinking about the economy.

This is a wider global epidemic. We are dealing with it in Scotland and the UK, but we are being impacted by demand and supply elsewhere. The best thing that we can do is not to worry about the output or capacity that is having to close at the moment, but to think about businesses. The advice that I have given to the business people I know is to think about how they can keep their business viable, in order to open up again as quickly as they can; that this is not a normal response to a downturn, where businesses think about shedding staff or premises; and that they should think about putting themselves in a safe position, and about the welfare of their workers, so that they can come out of this in a way that enables them to respond to and function in the interests of the economy.

That messaging is really important. We have a strong, robust, resilient economy. We have international sectors that are doing well. In essence, we will return to that. That is the key point. We do not want to lose capacity because of businesses thinking that their critical function is about themselves. A comprehensive package is needed that allows businesses to reach the right outcome for them, their workers and sectors, so that they can come back.

When the data catches up with us, we may see what has happened. We estimate that, if the economy operated at 80 per cent over three months, gross domestic product would fall by 5 per cent. In the last financial crisis, it fell by 6 per cent in Scotland, but that was over a number of quarters. The pace of what we have now is very quick. We should worry not about that fall—it will happen, and those numbers will be larger—but about the bounce back. For instance, if GDP falls by 20 per cent but comes back up by 20 per cent when we come out of this, that would be a key indicator that we had retained productive capacity and businesses.

**Andy Wightman:** I have a question about financial services. You mentioned a group that is meeting to discuss that. What is that group?

**Fiona Hyslop:** This afternoon, I will be co-chairing the reinstated banking and economy forum. It was set up as part of the Brexit preparations. That is clearly one of the areas that we need to work with and we are speaking to it to make sure that it is supporting people in the short term, with a view to seeing how it can help to support the recovery side that Gary Gillespie was talking about.

The financial services sector is not the only one that we are having discussions with. Regular stakeholder forums in different sectors are being led by different ministers to capture real-time information about people's experiences and to plot the best ways forward. Some of that will be through financial schemes, but some will not. We are looking at what we can do to help people through the hibernation phase and then in the recovery phase.

**Andy Wightman:** Will you be discussing the question of insurance? There have been a lot of questions and debate about who is covered for what. Everyone has their own cover set out in their documents, and those will be interpreted, but there is also concern about legal liabilities. That is about not just insurance but contractual liabilities that have been entered into by businesses such as those in the construction sector, for example. Is it safe to assume that some of those contractual and legal liabilities will be addressed in the devolved emergency bill?

**Fiona Hyslop:** As you know, a lot of insurance issues are reserved. It is a key area for companies that are claiming on their existing insurance, and we know that not all businesses are insured in relation to coronavirus. There are also public liability issues, as the committee will be aware, in relation to how we keep essential services going.

Some of that is relevant to the construction industry, and I discussed that in my telephone conference with Kevin Stewart yesterday. He is leading on construction and looking particularly at insurance issues. There are also public liability issues for others such as childminders, for example, who are providing support for key workers, and what they are and are not covered for. We will work systematically through all those issues.

Andy Wightman asked whether I will be discussing the issue of insurance at the banking and economy forum meeting this afternoon. Insurance is becoming key to helping us to move on and in relation to what will happen in future. I will make sure that it is raised and, with the convener's agreement, I will say that it is an issue

that the Parliament's Economy, Energy and Fair Work Committee is interested in.

I cannot give you all the answers about what will happen. It is an area that we will have to work at systematically. I suspect that some of the public liability issues will be dealt with sector by sector.

**Andy Wightman:** Contractual liabilities relate to the law of contract, which is all devolved. People might face unscrupulous claims for failure to deliver or fulfil a contract. Will the emergency bill that I understand the Scottish Government will introduce in the next week or two be able to amend the law of contract so that some of the existing conditions cannot be enforced, in light of the emergency?

**Fiona Hyslop:** We are aware of the issue, but I cannot give you information on the solution just now. I am happy to come back to the committee on that.

**The Convener:** I have a couple of questions, the first of which is about food banks. They are not strictly businesses but they are doing a power of work out there and a number of them have contacted me to ask whether they count under the supply of foods. Can they continue to operate, as long as they comply with the public health rules on social distancing, hygiene and so on?

**Fiona Hyslop:** Food banks have, unfortunately, been critical for some time in Scotland and they are obviously critical now. They are part of the community resilience response that we are working on with local authorities and others. I would say that they do count, because they are critical, but there is the point about social distancing, health protection and so on, as you say. That is where they will need support and guidance from the people in local authorities who are working to support community resilience. My colleague Aileen Campbell has oversight of that area.

**The Convener:** Several people who are due to move house within the next two or three weeks want to know what the position is on removal companies operating.

**Fiona Hyslop:** I cannot give you a blow-by-blow account of what will happen in different sectors or on different issues, but we are aware of certain critical areas. I understand that the UK Government is looking at the financial situation of people who have purchased a house but have not concluded the moving process before this hiatus. I cannot give you an immediate answer on the issue that you have raised, but people are clearly facing it as we speak. However, the issue has to be considered in terms of finance and health and safety. The strong message now is for people to stay at home, but there is obviously a major issue for people who were due to move in the next few

weeks or months. At the moment, however, I cannot give clear directions on what such people should do.

**The Convener:** That illustrates the kind of difficulties that people are facing. We might not have an answer on the house-moving question for weeks or months, but it will be a problem for some people this week or next. They feel that they are getting mixed messages about whether people can go to work to deliver the service that they require.

I turn now to an underpinning issue that the Economy, Energy and Fair Work Committee should spend a minute exploring. I come from a health background as an ex-nurse and health manager, so I understand the public health element of the current situation. What work have you done on looking at the balance between health and the economy in this situation? There is a distinct relationship between them, because if the economy starts to go down rapidly, that will have a long-term impact, not on the Covid-19 situation but on the general health of the population.

As you have said several times during the meeting, we must protect our economy for the longer term. The public messages have been very clear about hygiene, social distancing and not engaging in social contact. However, numerous people have asked why they cannot continue to work if they comply with those public health requirements. It is not just about employers asking their employees to come to work but about employees wanting to work if they can do so safely. That is important from the point of view of the economy and that of the health of people who want to continue to engage in productive activity. What conversations have you had about the relationship between economy and health? How are decisions on the broader picture of that being arrived at?

**Fiona Hyslop:** As you might appreciate, the Scottish Government's resilience mechanism has been preparing for many weeks for what we expected to happen and ministers have been considering for some time the possible consequences in different areas and how we might prepare for those. Clearly, we are guided by the science and experts in relation to resolving this public health crisis, and we have to take the advice that we are given. Things have clearly moved rapidly. Ten days ago, we were looking at how to ensure that fair work principles operated in terms of employers supporting employees self-isolating to recover from Covid-19 and eventually return to work. However, in the past 24 hours, we have moved from that situation to severe restrictions on people's movements. We have moved through the stages from social distancing

to the closure of pubs and restaurants and on to the situation as of last night where there are real restrictions on people's movements—and for good reason.

11:15

The economic response is there to support the public health response. That is why the UK Government established a wage subsidy that would allow companies to hibernate or to step down production. We encouraged the UK Government to do that because we looked at what was being done in other countries and felt that that was required. It is also why I was part of the First Minister and chief medical officer's daily press conference on Friday, so that we could reiterate companies' responsibilities to their workers. We want to ensure that people who can work from home do so.

Things are moving at a rapid pace. Health experts are telling us that lives are at risk if people do not stay at home now. That is a hard measure. We have travelled a great distance in the past 10 days. Life has changed completely. It is not just family and social life that has changed; economic life has changed, too.

We have been working and continue to work to make sure that we will have a strong and productive economy when we come out of this. The Government is focussed on the public health crisis, on helping people in their communities and on making sure that we support those working in our health service as best we can. We want to make sure that we have the resilience to come out of this. We are keen for companies to go into hibernation if they can. There is no competitive advantage in staying active. The best way to ensure a sharp and swift recovery is for everybody to hibernate. That is all part of our one-system approach.

I cannot be at Cabinet today because it is meeting at the same time as this committee. It is important that I am accountable to you, to Parliament and to the public. That is an important means of getting some key messages across. The focus in Cabinet today is entirely on Covid-19 and on how we can respond to it, both immediately and also by working sector by sector with our colleagues across the economy. That is why I had 11 telephone conference calls yesterday with my ministerial colleagues and others to make sure that, as part of that economic resilience, we are doing our bit to get us through this and to be well placed for an economic recovery.

**The Convener:** There are concerns about the consistency of messages, because there are inconsistencies in what people are hearing. The UK Government has made it clear that if people

can work from home, they should, and that if they cannot work from home, they should make sure that there are public health measures such as social distancing in place. Only this morning, the Secretary of State for Housing, Communities and Local Government, Robert Jenrick, said that people in construction can go to work as long as those provisions are in place.

We need clarity on whether we are talking about a public health requirement or a decision by the Government that its preference is for everything to be shut down, because those are two different things. We need to know whether, if people can work safely in certain environments, they can do so, or whether businesses are being asked to shut down regardless. That is the sort of clarification that businesses need. Many businesses that will be asked to shut down will not come out of it, because they will not have the resources to do so and their markets might disappear in the interim. Those are very big decisions, particularly for small and medium-sized enterprises, because they might make the difference between those businesses surviving and their not surviving.

Such decisions are big ones, too, for many employees. Even with the compensation scheme, if a company cannot afford to top up the 20 per cent loss on its employees' wages, that will make a big difference. Some of the people who have contacted me have said that one partner in their household already has no income. If the other partner loses 20 per cent of their income, they will be in difficulty. We are talking about important day-to-day questions. However much everybody wants to contribute to the long-term success of the work that is being done, individuals face significant problems, and many people will lose their jobs and their salaries. Therefore, it is extremely important that clarification is provided. People need to know why they are making sacrifices and whether those sacrifices are necessary in the context of what we are facing.

I might leave that for the cabinet secretary to address when she sums up.

**Fiona Hyslop:** I think that that was a statement rather than a question.

**Willie Coffey:** I want to return to the issue that Andy Wightman raised about banking and insurance. It is clear that people in repayment situations face being unable to pay or service debts. Has any thought been given to, or provision made for, the relaxation—or otherwise—of such arrangements? I would be grateful for any assurance that you could give people on that.

**Fiona Hyslop:** That is a critical area, and a number of banks have already taken steps on the relaxation of some of the debt issues that people have. This afternoon, I will impress on the banking

and economy forum the need to make sure that—in this regard, I go back to the idea of having a single portal, perhaps with Scottish Financial Enterprise—banks set out exactly what they are doing to help people with regard to delaying or deferring. We know that there is a mortgage holiday provision, but it is important that there are opportunities for businesses to delay existing loan repayments and to take advantage of the loans that are being supported by the UK Government.

There has also been an important development on bankruptcy, to make sure that there are deferrals and that moves will not be made for bankruptcy—that was announced by Jamie Hepburn at the weekend. A series of measures have been taken in that area.

Because everything is moving at pace and the situation is developing on a day-by-day basis, we want to ensure that not just members of the committee but MSPs generally have information on what is a new development and what has already happened.

At this time, it is absolutely critical that we support people so that they do not have to default on loans and be penalised as a result. If we are to get people through the current situation while asking them not to conduct their business, they need to be supported. That is why banks bear part of the responsibility in the national mission to make sure that businesses survive and get through the crisis.

**Willie Coffey:** Some of the more specific debt management agencies that are in operation are, in effect, large call centres that interact with the public to retrieve, recoup and recover debts. Will the consideration that you have discussed extend to that sector?

**Fiona Hyslop:** I did not catch what you said. Which bodies are you referring to?

**Willie Coffey:** Debt management agencies that pursue the repayment of debt from people. I am talking about debt that is pursued by debt management companies rather than by banks directly, and the people who are pursued for that.

**Fiona Hyslop:** I think that that is a critical area. It is almost the case that we are asking for everybody to stay still and stay put, and for the system of debt recovery—whether it is for mortgages or anything else—to be frozen.

The governance of such companies will be reserved to the UK Government, but it is an area that I will raise as part of the economy ministers quadrilateral, because it is an important one. It might be easier to get better answers from the banking, insurance and economy sectors than it would be to do so from the debt recovery companies that you are talking about. That is an

important issue to raise, and a UK-wide response will probably be required when it comes to restrictions on what can happen.

**Jackie Baillie:** This question might take us slightly—but not entirely—away from the coronavirus. Earlier, you mentioned the oil and gas sector, and you will know that the price of a barrel of oil dipped to as low as \$30, which is probably its lowest price in 30 years. This is the second big shock for the industry in the past five years. You will be aware of the huge impact that that has not just on the north-east of Scotland, but—through supply chains and jobs—throughout the country. What measures are in place to help the industry, beyond the package that is in place for the coronavirus?

**Fiona Hyslop:** As you know, there have been packages in place for the recovery of the oil and gas industry following its problems a few years back. That area is a key focus for Paul Wheelhouse as the Minister for Energy, Connectivity and the Islands, and he has been in regular contact with the industry about what it needs. The Oil & Gas UK business group has also been looking at the responses during this period. Some of the issues relate to support for critical infrastructure; health and safety protections are another big issue that is being pursued.

The group that was in place during the oil and gas industry's previous problems is being reconstituted, and Paul Wheelhouse will help to lead that group to identify what can be done in relation to reductions. It is clear that there are immediate issues but, as Jackie Baillie indicated, there are questions about what this means going forward.

**Jackie Baillie:** I want to turn to the wider issue of what will happen in the long term. What assessment has the Scottish Government done on the likely percentage shrinkage in the economy? If we know what we are anticipating, we can plan better for the kind of stimulus that needs to be in place. How bad do you think that it will get as regards shrinkage of the economy? What stimulus are you planning to provide to lift us out of that situation? It is self-evident that there will be lower tax receipts and higher welfare spending, which will have huge implications for not just the economy but the budget. Looking to the long term, what plans do you have in place to get us through the situation that we face as quickly as possible?

**Fiona Hyslop:** In my opening remarks, I set out three different areas, the third of which was ensuring that we have sight of what the recovery might look like. We want a recovery that takes us in the direction of resuming our plans on wellbeing and a net zero economy. There will be changes in people's behaviour that will mean that, in some areas, we might be able to tackle those issues

more easily. For example, I suspect that people will be more familiar with active travel and public transport travel, when it is resumed, because people are limited in their movements and are working from home more. We were looking at that area anyway.

I will bring in the chief economist shortly, if that is okay with the convener. In relation to the stimulus, we need to think about what type of economy we want to have. If public resource is available when people come out of hibernation—I sincerely hope that it will be—that will need to be considered. Budget discussions formed part of the Cabinet's discussions today. Unfortunately, I was not there, so I could not make the case—I am making it to the committee, so I ask members to support me when such decisions are being made.

**Jackie Baillie:** We will make the case to the Government, too.

**Fiona Hyslop:** When it comes to recovery, we should be thinking about some kind of green stimulus. That would be sensible and would align with our climate change action plan activities. Scotland could be well placed in having a future competitive advantage if we ensure that we move into that space.

We need to think about what stimulus we can provide to encourage businesses and households. In the past few weeks, I have had conversations about how we ensure that, when the construction sector recovers, which it will, our stimulus is combined with our work on the shift to low carbon that will need to take place in other areas, such as those relating to homes, communities, resilience, heating and so on. It is perhaps not the time to go into the detail of that, because we do not necessarily have it at the moment. However, I reassure the committee that that is one of our workstreams. We are thinking about how we can support businesses in coming through the current situation while making adjustments that enable our recovery to provide benefits.

It is worth reflecting on the point that the key people in our society at the moment are social care workers, nurses, doctors, other people in the health service, retail workers and the call centre workers who are handling all of this. As there is a recalibration across the country, I hope that, when we think about what the economy should look like, we also understand what matters and what we value in our society. When we rebuild our economy and recover, we should ensure that we do so in a way that reflects the type of society that we want to be. That is why, as I said, we should put wellbeing at the heart of our economy but also build a net zero economy.

I will bring in Gary Gillespie, particularly to address Jackie Baillie's questions about the size

of the shrinkage and what that means. Perhaps that gives more impetus for us to look at measures that do not relate only to GDP, which is why I have focused on wellbeing. I think that, not just in Scotland and the UK but across the world, we will re-evaluate what we want to value as part of a wellbeing economy.

11:30

**Gary Gillespie:** I will pick up the point about what the loss of productive capacity from the economy is likely to be, which also relates to the convener's comments around the balance between health and the economy. The planning around the public health crisis has been based on the stages: contain, delay, research and mitigate. As the curve on health has increased, the required public health remedies have had to tighten and escalate, which has the opposite effect on the economy. If we do not flatten the upward health curve, we will get a downward economy curve. GDP will fall—it is falling at the moment, as activity is stopping.

As the cabinet secretary said, the initial thinking was that, at the peak of the health crisis, 20 per cent of the workforce would be impacted. To put that into context, in Scotland, that would be roughly 600,000 workers. However, the situation has now moved beyond that, so there is a different scale of impact. From the economic perspective, we must mirror what is happening on the health side. When the health crisis eases and things return to normal, the economic outcomes that we will need to consider are around how much of our productive capacity—people, skills, workers and income—is able to recover immediately.

GDP does not really matter; what matters is that the people and capacity of businesses that have stopped—and whose output is foregone at this time—are kept together with those businesses. Those are the criteria that we will look at. It is different from other downturns.

As the cabinet secretary touched on, innovative and different business practices are being operated, because companies are having to adjust in order to deal with the crisis. We might see emerging trends and new ways of working that improve productivity and change the work-life balance and how people operate. The current restrictions are forcing businesses to look at their operations and how they operate in the economy, which might have benefits when we come out of this.

In the context of the recovery, activity and output—as we traditionally measure it—are slowing. As the crisis abates and the restrictions are eased, we should see the opposite effect of activity and output coming back into the economy.

At that point, we will have an idea of the productive loss from the economy that is over and above what would normally have happened. That is what we are trying to mitigate. With regard to the fiscal or wider response, the cabinet secretary has already mentioned a green stimulus. We will look at options and interventions but we will not design them until we know what the global economy looks like and what the conditions are for the broader outlook.

Because of the scale of the health crisis and the comprehensive response by the UK Government, this is uncharted economic territory. The scale and speed of the responses and the fact that they are coming in wave after wave—exactly mirroring the escalation of the health crisis—tells us how serious and significant the situation is. We have to stand back from the normal data and think clearly about our outcomes and recovery, which are about protecting people, incomes, households and self-employed businesses through the period.

As the cabinet secretary said, we are not losing competitive advantage. This phenomenon is happening not just in Scotland and the UK but in France, Italy, the US, China and Germany. When we come back out of the crisis, so will all those economies.

The crisis might also challenge some of the global supply chains and the just-in-time manufacturing systems, but we will respond. It is important to convey that this is a public health crisis and that the economy mirrors that; we have to think about the matter differently.

**Jackie Baillie:** I absolutely accept that the stronger the public health responses are, the greater the impact on the economy will be. The public health response needs to override every other consideration, and the cabinet secretary has made that clear.

I am nevertheless interested in our assessment of the scale of the impact on GDP, which is the measure that we use, although I accept the point about the impact on wellbeing. We need to be ready with a response when we come out of this crisis, in the short or medium term—there are doubts about whether the situation will last for 12 weeks or 18 months—because closing down a business is easy, but setting one up is much harder. Levels of unemployment will be significantly higher now than they have been for a while. Now is the time to have some interventions and stimulus, because the continuing uncertainty will mean less investment and fewer exports.

I want to be reassured that we will not just wait and survey the field. A package of measures that will help us to move forward should be made available now, while we wait to see what else happens. The impact on the economy and the

reduction in GDP will be huge, which brings all sorts of questions about what the budget will look like as we go forward.

**The Convener:** Before you answer, cabinet secretary, can I check that you are able to stay for a bit longer? I am very conscious of time.

**Jackie Baillie:** That was my last question anyway.

**The Convener:** I have a couple of other bids for questions. It is 11:36.

**Fiona Hyslop:** I am not sure when my call with the banking and economy forum is, but I do not think it is as early as this. Another 10 minutes should be okay.

Let me address Jackie Baillie's point. We want to ensure that there is a comprehensive economic response. Some of the levers will be with the UK Government and some will be with us. With regard to the business aspect and where people are, part of our discussion with the economy secretaries, under the guidance of the chief economist, was on what we expect will happen to business structures.

Some category 1 companies either have closed or will close—some, such as Flybe, will have had structural issues even before this crisis. The second category is that of companies that can operate in a limited lockdown capacity, on a step-down basis; with regard to public health, the scope of their operations will be more limited than we would have thought even a day or two ago.

The third category is that of companies in hibernation, and our emphasis is on ensuring that we have wage subsidies to support that group. The fourth group comprises those companies that can realign capacity or reposition themselves to come out of this—some of them are currently doing so, such as manufacturing companies that are looking at making medical supplies, ventilators and so on. The fifth category is those businesses that are expanding their services in response to need—retail businesses such as supermarkets are the obvious ones.

We are already looking at those groups and at how we can support them to come through the other side. We also want to ensure that our support for those companies guides them to a position from which they can recover. We have to keep a watching eye on that. We do not necessarily want to do things sooner rather than later, but we can anticipate what the situation might be when those companies come through this, so that we have measures in place to help people.

Jackie Baillie made an important point: restarting something is easier than starting from scratch. With regard to the economic response, we are trying to ensure that businesses stay in

hibernation and come through the crisis. They should use subsidies and loans in the meantime and keep paying their staff.

**Jackie Baillie:** Will there be a revision to the Scottish Government's budget?

**Fiona Hyslop:** There will need to be.

**The Convener:** That almost goes without saying, does it not?

**Andy Wightman:** I noted at the weekend that the Accountant in Bankruptcy has made some important reforms, the most substantive being suspending action of division and sale and eviction from property.

**Fiona Hyslop:** I referred to that earlier. Action has already been taken to ensure that movements have been frozen in relation to bankruptcies.

**Andy Wightman:** The rest of those are, basically, administrative reforms, which are helpful in the current crisis.

This committee has paid quite a lot of attention to debt solutions. There will be—and are—a lot of people who will be unable to pay their bills. Are there any proposals to suspend any of the powers that creditors have to take action against debtors who are unable to pay their bills because of the health crisis?

**Fiona Hyslop:** There are a number of points to address. The first is how we ensure that people have enough money in their pockets to get by over this period, particularly for essential services and general outgoings, such as food.

Action has been taken by energy companies to ensure that they are not doing anything that is detrimental to people. Considering deferrals might be a conversation to be had with the energy companies.

On the point about creditors, which was well made, my understanding is that that would require changes to legislation and regulation at a UK level.

We are all going to have to work through all of the different areas to find out how we can minimise the impact to give enough people enough resource to keep going through a difficult period, but also to try and mitigate their outgoings, whatever shape or form those might take—they could be rent, a mortgage or council tax. I cannot give an instant response to your question, but it is one of the items on a very long shopping list that we have to work through.

The member mentioned that, as part of its work, this committee has done a lot of work on debt solutions. This is my first appearance in front of the committee in my new role, and we have had to hit the ground running. The ideas that have come from this committee are part of a national mission.

I appeal to the committee and ask members to work collectively and co-operatively. I also ask that, if you have suggestions or ideas, you should, please, make those part of the solution. We are not going to get all of the solutions immediately, and we will need to use the creativity of everybody—that means absolutely everybody—to ensure that we address every point. That is my invitation to you. I am sure that I did not have to invite you because, as a committee, you would want to do all of that anyway.

**The Convener:** Members have asked all the questions that they wanted to ask. Is there anything else that you want to add before we close?

**Fiona Hyslop:** Not at this stage. I only appeal for patience. Things are happening at speed, and people want instant answers. We will give answers as soon as we can. We appeal to everybody to work collectively. It is going to be difficult and very painful for many people. However, it will be nothing compared to the pain that individuals and families will feel as a result of the very severe health impact of Covid-19.

**The Convener:** I am sure that we all echo that.

I thank the Cabinet Secretary for Economy, Fair Work and Culture, Fiona Hyslop, for coming today. I also thank Gary Gillespie and Ian Storrie.

I know that this was probably not the easiest first appearance, but I am sure that you will be back as time goes on. We look forward to seeing some progression and answers on the situation as it moves forward.

11:43

*Meeting continued in private until 12:31.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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