

Scottish Finance Secretary asks Chancellor for clarity

Finance Secretary Kate Forbes has today written to the UK Chancellor seeking urgent clarification on the extension of the UK Government's furlough scheme.

She warns that uncertainty about funding can impact on efforts to tackle coronavirus (COVID-19) and requests an early meeting with the Chancellor Rishi Sunak or Chief Secretary to the Treasury Steve Barclay.

Ms Forbes writes: "We must avoid a situation where public health decisions are disproportionately influenced by a lack of clarity or flexibility about the financial position. I am deeply concerned that we are at risk of arriving at such a position."

Ms Forbes asks the Chancellor for full details of the Prime Minister's commitment to a Scotland-only furlough and confirmation that it would apply at the full 80% level currently available to businesses. She also requests assurances that there would be no diminution of the eligibility criteria and that the Self-Employed Income Support Scheme would be available at the enhanced rate of 80% of income.

In addition, the Finance Secretary asks for more information about how much additional funding The Scottish Government is likely to receive in consequential payments and seeks changes to the way funding is received for some demand-led business

support schemes, describing current arrangements as “neither fair nor practical”.

The Prime Minister indicated yesterday that, if necessary, the furlough scheme would be available to businesses in Scotland beyond the end of the lockdown in England. However, today Communities Secretary Robert Jenrick suggested the Treasury would have to decide what happened in those circumstances.

The letter reads:

Dear Rishi

I am writing to follow up the points that the First Minister has raised in relation to Barnett consequential arising from Covid-19 business support measures and the need for flexibility around the Coronavirus Job Retention Scheme.

I very much welcome the extension to the scheme during November and the coverage afforded to eligible businesses in Scotland.

The Prime Minister has today gone further and told the House of Commons that “If other parts of the UK decide to go into measures which require the furlough scheme then of course it’s available to them, that has to be right. And that applies not just now, but, of course, in the future as well.”

This is welcome confirmation that the CJRS will be available to Scotland beyond the current closing date of 2 December.

I would be grateful, however, for urgent confirmation of the details of this commitment, including the obvious point that it must be at the full 80% level currently available to businesses, there must be no diminution of eligibility criteria and the same principle must apply to the Self-Employed Income Support Scheme (SEISS).

As the First Minister has made clear, the public health

circumstances are likely to continue to vary across the four nations and I ask that the UK Government confirm the position set out by the Prime Minister that the CJRS and enhanced SEISS would equally be available over a different time period, including after November, if the health circumstances in Scotland or elsewhere made the continuation or extension of restrictions at national or regional level necessary on different timescales.

On the question of Barnett consequential, I welcome the commitments that were made by Michael Gove and Steve Barclay to provide clarity on the Barnett position in the coming days.

In the hope that it will assist urgent resolution of these matters, this letter provides further detail about the issues we have raised.

We have been discussing for some time what assumptions the devolved administrations can make about Barnett consequential flowing from Covid-19 measures and whether or not these have moved beyond the level of the funding guarantee you provided earlier in the Autumn. While that guarantee was welcome, without a breakdown of what is in the guarantee and advice about whether there is now additional funding available, it will be extremely difficult for the Scottish Government to implement necessary business support measures with the level of planning certainty that is needed. If we wait until the updated OBR forecasts due in late November, that will severely constrain our discretion to take the decisions we need. I am pleased that Steve has agreed to provide clarity on this point within the next few days and look forward to receiving additional detail on what is included in the guarantee to date and any additional funding we can expect on the back of announcements made over the weekend.

Again as previously discussed, and more fundamentally perhaps, where business support is demand-led we believe there is a strong case for the UK Government providing a guarantee that

whatever level of funding is ultimately required will be provided across all four nations. The present arrangements afford this approach when you are considering decisions in relation to England, but is not extended to the other nations of the UK. This is neither fair nor practical in terms of how we take decisions in devolved areas.

I recognise there are some complexities in a position where both Barnett and an element of demand-led funding are involved, but the present approach is not providing the Scottish Government with clarity over either point and creates an inherent disadvantage for Scottish businesses compared to businesses in England. These issues are essentially technical ones and I urge you to provide both further information on consequential and the capacity to operate on the same demand-led basis as is currently the case in England, to enable effective devolved decision making to be undertaken at such a crucial moment in our collective responses to Covid-19.

Decisions about public health include consideration of the harms imposed on society by the protections and restrictions we are obliged to enforce in order to tackle the virus. As such, mitigations of the economic impacts are intrinsic to mitigating the wider societal harms.

We must avoid a situation where public health decisions are disproportionately influenced by a lack of clarity or flexibility about the financial position.

I am deeply concerned that we are at risk of arriving at such a position and hope that you will be able to respond urgently to the points I have raised. I would also be pleased to hold an early meeting with you or Steve to take this forward.

I am copying this letter to Rebecca Evans and Conor Murphy.

Yours sincerely,

KATE FORBES