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The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
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15 June 2020

Dear Rishi

CONTINUATION OF JOB RETENTION SCHEME

I write in response to the Chief Secretary to the Treasury's letter of 29 May, setting out the changes to the Coronavirus Job Retention Scheme and the Self Employment Income Support Scheme that you announced that day.

Statistics published by HMRC yesterday show that around 628,000 jobs have been furloughed in Scotland, and a further 146,000 people have used the self-employment scheme. This is evidence of how essential these programmes of support have been, to provide an income and some certainty to people as we start to lift restrictions and emerge from the crisis.

While I welcome the extension of both schemes, and the continued support they offer to businesses and individuals in Scotland, we need to ensure that this support continues to be offered for as long as it is required – whether that is an extension of the existing schemes or consideration being given to specific support measures.

It is already clear that there will be some sectors of our economy – including tourism, hospitality, arts and culture, oil and gas, childcare, retail, and our rural and island economies – that will not have fully recovered by October, or who will continue to face restrictions.

We see that other countries, such as France, are already putting in place long-term partial employment measures that reflect the likely need for ongoing public health restrictions. It is vital that the UK also has a long-term approach in place so we can offer certainty to individuals and businesses about what support will be available to them beyond October, and we would like to work with you to ensure that support reflects the public health position in Scotland. The failure to do this will put the UK economy at a competitive disadvantage in recovering from this crisis, and will result in hundreds of thousands of additional job losses.

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As the statistics published yesterday show, the costs of the CJRS and SEISS are significant – but investment that keeps people in work is a far better option than the greatly increased costs of social security benefit payments and the social costs resulting from higher levels of unemployment.

Without the certainty of continuing support of the type that has been offered through the CJRS and SEISS beyond October, employers will be faced with the choice of opening their business when it is not safe for them to do so, putting the health and lives of their employees and customers at risk, or taking a greater financial hit, which risks jobs. Businesses being forced to open because there is no support available to them to help with the costs of following public health guidance and remaining closed also risks a second spike in the infection rate, which we could only manage by reintroducing lockdown restrictions.

Further thought also needs to be given to specific groups of workers beyond October, such as apprentices who have been furloughed but who may not be able to complete their programme of training within the original timescales due to safety measures being put in place by our training providers and further education institutions.

I look forward to working constructively with the UK Government and the other devolved administrations to develop this, taking into account any ongoing differences in the infection rate in different areas of the UK and the public health guidance in force in each nation.

*Kind regards
Fiona Hyslop*

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