

**DOCUMENTS FOR RELEASE – FOI 202300339424**

**REQUEST 3**

**DOCUMENT 1**

**From:** Director of Tax and Revenues <directoroftaxandrevenues@gov.scot>  
**Sent:** 06 December 2022 16:31  
**To:** Permanent Secretary <PermanentSecretary@gov.scot>  
**Cc:** DG Scottish Exchequer Mailbox <DGScottishExchequer@gov.scot>; Director for Local Government and Housing <DirectorForLocalGovernment&Housing@gov.scot>; Director of Budget and Public Spending <Directorofbudgetandpublicspending@gov.scot>; [redacted]@gov.scot>  
**Subject:** Official: Sensitive: Special Handling; Budget 23-24: Tax Policy: Conclusion

Permanent Secretary

Copies as above.

**Official: Sensitive: Special Handling: Budget 23-24: Tax Policy: Conclusion**

Following their discussion after Cabinet, the FM and DFM [redacted] They also let me know that they had decided not to pursue NDR reliefs for hospitality and leisure.

[redacted]

These measures are likely to have a significant influence on Budget presentation.

In view of the special handling procedures, I would be grateful if there were no further copies of this note.

[redacted]

Director of Tax & Revenues  
The Scottish Government  
Telephone: [redacted]  
Email: directoroftaxandrevenues@gov.scot

## DOCUMENT 2

**From:** Director of Tax and Revenues

**Sent:** 06 December 2022 12:16

**To:** First Minister <firstminister@gov.scot>; Deputy First Minister and Cabinet Secretary for Covid Recovery <DFMCSCR@gov.scot>

**Cc:** Permanent Secretary <PermanentSecretary@gov.scot>; DG Scottish Exchequer Mailbox <DGScottishExchequer@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; Director of Budget and Public Spending <Directorofbudgetandpublicspending@gov.scot>

**Subject:** Immediate: Official: Sensitive: Special Handling: Tax: Comparative Revenue Estimates

**Importance:** High

First Minister

Deputy First Minister

Copies as above.

[redacted]

We are now notifying the SFC of your decision to [redacted] also not to proceed with NDR Retail & Hospitality Relief.

[redacted]

Director of Tax & Revenues

The Scottish Government

Telephone: [redacted]

Email: directoroftaxandrevenues@gov.scot

## **REQUEST 4**

### **DOCUMENT 5**

Good morning,

MR please,

Thanks!

[redacted ]

**Assistant Private Secretary to John Swinney MSP, Deputy First Minister and Cabinet Secretary for Covid Recovery**

The Scottish Government | Riaghaltas na h-Alba  
St Andrew's House | Regent Road | Edinburgh | EH1 3DG

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**From:** [Redacted]@nfrn.org.uk>

**Sent:** 21 November 2022 16:32

**To:** Deputy First Minister and Cabinet Secretary for Covid Recovery <[DFMCSCR@gov.scot](mailto:DFMCSCR@gov.scot)>

**Subject:** SBBS - budget

Dear Mr Swinney,

We entirely understand the many pressures on the public purse, particularly during the current acutely challenging period.

However on behalf of our members, mainly running independent "corner shops" in towns and villages across Scotland, I write to urge you to reject any temptation to undermine in the very near future the Small Business Bonus Scheme.

The word bonus is to our minds a misnomer since this scheme facilitating rates relief, is central to the survival of shops which are a focus in their communities particularly in rural areas.

We do support moves to modernise Scotland's business rates but clearly not any potential move on SBBS, which could lead to the average small business in Scotland paying an additional £2,000 more and some paying more than £7,000.

An additional financial setback on top of inflation and escalating energy prices, could lead to shops cutting employee hours or shedding staff - or closing their doors for a final time.

Kind regards,

[redacted]

President

The Federation of Independent Retailers Scotland (NFRN)

## DOCUMENT 8

DR – AO [ redacted ]

Thanks

[redacted] | Assistant Private Secretary to Minister for Public Finance, Planning and Community Wealth – Tom Arthur  
Scottish Government | St Andrew's House, Regent Road, Edinburgh, EH1 3DG ||  
Tel: [redacted] | Email: MinisterPFPCW@gov.scot

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**From:** [redacted]@scottishhospitalitygroup.com>

**Sent:** 21 December 2022 11:22

**To:** Minister for Public Finance, Planning & Community Wealth  
<MinisterPFPCW@gov.scot>

**Cc:** Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>

**Subject:** Post Budget

Good morning Mr. Arthur and Mr. Swinney DFM

I wanted to get in touch with you post Scottish Budget Statement, on behalf of the Scottish Hospitality Group (SHG)

It is fair to say, that the hospitality sector is still in shock, after the budget statement on 15<sup>th</sup> December

It was an expectation from the whole sector in Scotland, that Mr. Swinney DFM would deliver a similar discount on the NDR, which was announced by the UK and Welsh Government's in their statements, giving a 75% reduction for the year 2023/24

Of course, the sector welcomed the freeze in poundage, and also the 50% reduction for the first 3 months of 2022, however it must be recognised that our colleagues in England and Wales have been benefitting from the same 50% reduction, but for the full year of 2022

Having the lowest poundage in the UK is a great achievement, however again it must be recognised that the RVs are higher than anywhere else in the UK.

This is without doubt going to have an impact on our high streets across Scotland, from villages in rural areas, to our city centres. The hospitality sector is under so much pressure at the moment, as we emerge from the catastrophic events of the pandemic.

We appreciate that the SAA have a hard job in doing the re-evaluations, however some of the reveals we have seen come through for the sector have been well outside

the affordability to pay. The sector has not had a chance to even start its recovery post pandemic, and this has got to be recognised

We now have, or coming down the line:

- A rise in interest rates
- Increase in tax
- Increase in NMW in April by 10%
- Delayed energy support statement
- Train strikes
- Deposit Return Scheme
- Consultations on alcohol advertising
- Calorie labelling

All of the above directly hit a sector which is tax, policy, and debt heavy, and it is fair to say that unfortunately there will be many who will not see the next year through. It has been reported that [UK restaurants going bankrupt at faster rate than during Covid](#)

This is a real concern

Our high streets are already littered with "To Let" boards, shut down shops or hospitality sites, which may never open again. There is no incentive for any entrepreneurial person to open a hospitality business. Planning, policy and NDRs stand between survival and failure, and any funding which people have to maybe open a hospitality business, or spend on refurbishing their business, gives less risk by keeping it in the bank. The return on capital investment is becoming riskier than the cost of capital borrowing, and that is never a good thing.

The UK budget statement created c£1.6B in BCs for Scotland and it is felt that the budget statement here in Scotland did nothing for the hospitality sector.....we didn't get a mention other than the freeze in poundage

This year the hospitality sector was expecting and hoping for a bumper year, after the issues around 2020, and 2021 due to the pandemic. This Christmas the sector has been hit with the train strikes, which has meant cancelled bookings, not only on strike days, but also other days due to uncertainty of travel arrangements

Christmas is traditionally the time of year that in the month of December, hospitality would take 30% of its annual turnover, so I am sure you would agree, it is a necessity that it is fruitful, to see the sector through the quieter months of January and February. Again this year we will fail to achieve that, and unlike the last 2 years, there is no Government support.

**[redacted]**

We have a real concern for the future of the sector in Scotland, and its survival

The question has to be, what would happen if our restaurants, bars and hotels were no longer to exist, or went into further decline? The ongoing effect would be felt

across every other part of retail that feeds off the sector, like beauticians, nail bars, tanning studios, hairdressers, taxis, and cloths shops

Today we see the report from the BBC on a survey from BBPA (see below). This really does make grime reading and shines a light on the serious issues we face.

A majority (86%) of UK pubs are considering reducing opening hours over the winter, a survey of nearly 4,500 pubs by the British Beer and Pub Association (BBPA) suggested.

The survey, which was shared exclusively with the BBC, suggested that almost the same number (85%) are thinking of closing altogether for one or two days a week.

However, some businesses are having to consider closing their doors permanently.

When a firm can't pay its bills, that is known as being insolvent.

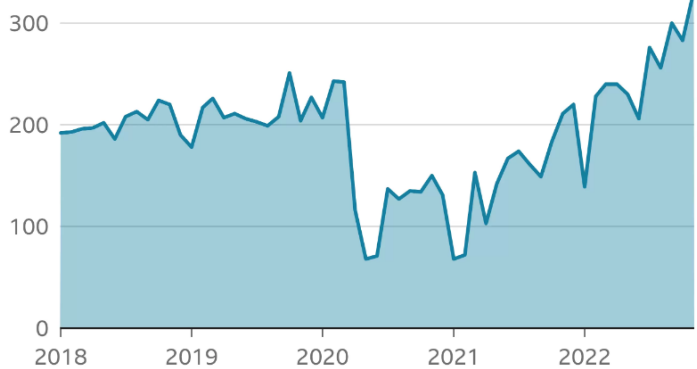
A BBC analysis found that 331 food service firms - restaurants, cafés, pubs and catering companies - announced that they were insolvent in November.

This is an increase of 57% compared with a year ago, and 62% more than in November 2019, before the beginning of the Covid-19 pandemic.

In total, 6,293 hospitality firms have started insolvency proceedings since 2020.

### Restaurants struggling with debt

Restaurants, cafés and pubs placing insolvency notices



Source: BBC analysis of Gazette notices and Companies House data



It would be appreciated if we would be able to a meeting with you both to discuss the above. The Scottish Hospitality group will always look to work with Scottish Government, with the aims of helping to improve policy decisions, and also input into the current and future issues

I look forward to hearing from you in due course

Regards

[redacted]

Scottish Hospitality Group

[redacted]

## DOCUMENT 13

**From:** [redacted]@stalliance.co.uk>

**Sent:** 21 September 2022 11:34

**To:** john.swinney.msp@scottish.parliament.uk; Deputy First Minister and Cabinet Secretary for Covid Recovery <DFMCSCR@gov.scot>

**Cc:** DG Economy <DGEconomy@gov.scot>; Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>; [redacted]; [redacted]@stalliance.co.uk>; [redacted]@gov.scot>; [redacted]@stalliance.co.uk>

**Subject:** The Scottish Tourism Alliance - Pre Budget Submission

Dear Deputy First Minister,

Please find attached the Scottish Tourism Alliance (STA) pre budget submission which has been developed in full consultation with the [STA Board](#) STA [Council](#) and our [STA Destination Forum Members](#).

Scotland's tourism industry is at a crossroads. Before the COVID-19 pandemic, the tourism sector contributed £4.5 billion in gross value added to Scotland's economy, employing 229,000 people, around 9% of employment in Scotland<sup>[1]</sup>. However, its future – and many of the small businesses it supports – are at risk.

When the First Minister launched the country's new tourism strategy, Scotland Outlook 2030, in March 2020, little did we know that the sector would experience extraordinary challenges in the face of multiple lockdowns and restrictions due to the COVID-19 pandemic.

As businesses continue to recover, we now face a new set of challenges as tourism, hospitality and retail contend with unprecedented rising costs in doing business, which include escalating energy prices, increasing costs of goods and materials, and a 40-year high in inflation. This is coupled with a cost-of-living crisis with significant impact on consumer spend, particularly within the tourism and hospitality sector.

As the overarching lead representative body for Scotland's tourism and hospitality industry, we welcome the support that the Scottish Government continues to give the sector and your recognition that an innovative, resilient, and welcoming industry is not only of vital importance to Scotland's economy, but also its place in the world.

To achieve our shared vision of Scotland becoming the world leader in 21<sup>st</sup> century tourism, now is a critical time to ensure that the industry can survive and recover to make this ambition a reality.

Policy, investment, and positioning are three of the six conditions for success agreed in Scotland Outlook 2030. Tourism also has a central role to play in delivering the priorities set out in Scotland's National Strategy for Economic Transformation (NSET) and the Net Zero agenda.

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<sup>[1]</sup> <https://www.parliament.scot/chamber-and-committees/official-report/what-was-said-in-parliament/meeting-of-parliament-22-03-2022?meeting=13658&iob=123961>



Our survey at the beginning of the summer period (17<sup>th</sup> May 2022 to 8<sup>th</sup> June 2022) found that more than half of tourism businesses were still not in recovery following the COVID-19 pandemic and that this could take at least another year or more, with 23% describing their business as in survival mode and financially fragile.

At the same time, we reported that a considerable number of tourism businesses had already begun to experience a decrease in customer discretionary spending compared to the same period in 2019 (52% of respondents) and 2021 (38% of respondents).

As households look to further reduce their spending in the face of rising costs, the tourism sector is predicted to once again be one of the main casualties. We are already hearing from our members that businesses are actively considering reducing their trading hours or feel financially forced to close for the winter season.

We are gravely concerned that some businesses might never reopen again, impacting on employees and wider communities, and loss of tax revenues for government. Losing businesses now could permanently reduce Scotland's tourism capacity, resulting in wider economic and social knock-on impacts, particularly in rural areas. The uncertainty facing these businesses is also having an uncountable toll on the mental health of their owners and staff.

Out of the 744 survey responses we received, the **extension of business rates relief** and **greater investment in tourism promotion** were listed as the two most immediate and effective policies that the Scottish Government could implement to support recovery.

We would also reiterate the need to **pause new and impending regulations** to take some of the burden off businesses during this turbulent and uncertain time.

We urge the Scottish Government to adopt these three policies as an immediate priority to support our tourism industry.

Thank you for your ongoing support and partnership, as we continue on the path to achieving the ambitions of Scotland Outlook 2030 and delivering economic prosperity for all Scotland's people and places.

Yours sincerely,

[redacted]

**Chief Executive  
Scottish Tourism Alliance**

[redacted]

| [w scottishtourismalliance.co.uk](https://www.scottishtourismalliance.co.uk)    

[Scottish-Tourism-Alliance-SG-Pre-Budget-Submission-20-Sept-2022.pdf](#)