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Economy, Energy and Fair Work Committee Comataidh Eaconamaidh, Lùth is Obair Chothromach

Economy, Energy and Fair Work Committee: Annual Report 2019-20



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Economy, Energy and Fair Work Committee

Remit: To consider and report on economy and fair work matters falling within the responsibilities of the Cabinet Secretary for Economy, Fair Work and Culture; matters relating to the digital economy within the responsibilities of the Cabinet Secretary for Finance, and matters relating to energy falling within the responsibilities of the Minister for Energy, Connectivity and the Islands.



<http://www.parliament.scot/parliamentarybusiness/CurrentCommittees/economy-committee.aspx>



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Committee Membership



Convener
Michelle Ballantyne
Scottish Conservative
and Unionist Party



Deputy Convener
Willie Coffey
Scottish National Party



Colin Beattie
Scottish National Party



Rhoda Grant
Scottish Labour



Alison Harris
Scottish Conservative
and Unionist Party



Dean Lockhart
Scottish Conservative
and Unionist Party



Richard Lyle
Scottish National Party



Gordon MacDonald
Scottish National Party



Andy Wightman
Scottish Green Party

Introduction

1. During the parliamentary year (from 9 May 2019 to 8 May 2020), the Committee met 32 times. Two meetings were held entirely in private, one in public and 29 were partly in private. Of the meetings where some or all of the items were in private, this was to consider draft reports, discuss approaches to inquiries or review evidence heard.
2. During this period, the Committee conducted nine inquiries and considered various forms of legislation.

Membership changes

3. Previous and new Members of the Committee during the reporting year were:
 - Convener: Gordon Lindhurst (Con) (7 June 2016 – 25 February 2020)
 - Convener: Michelle Ballantyne (Con) (25 February 2020 -) 3 March 2020 -
 - Deputy Convener: John Mason (SNP) (7 June 2016 – 3 September 2019)
 - Deputy Convener: Willie Coffey (SNP) (10 September 2019 -)
 - Angela Constance (SNP) (6 September 2018 - 3 September 2019)
 - Richard Lyle (SNP) (3 September 2019 -)
 - Jamie Halcro Johnston (Con) (7 June 2016 – 25 February 2020)
 - Alison Harris (Con) (25 February 2020 -)
 - Jackie Baillie (Lab) (7 June 2016 - 5 May 2020)
 - Rhoda Grant (Lab) (5 May 2020 -)

Inquiries and reports

4. The Committee carried out nine inquiries during this year, spanning a number of topics pertinent to our remit.

Economic Data – Pre-release Access

5. On 6 June 2019, the Committee published a report containing a proposal for a Committee Bill on pre-release access to economic statistics (7th Report, 2019 (Session 5) – [the proposal report](#)).
6. The report was debated on [19 September 2019](#) and the Parliament agreed the Committee’s motion. As a result, the Convener had the right on behalf of the Committee to introduce a Bill to give effect to the proposal. Drafting instructions were issued on 26 February 2020 and it is anticipated the Bill will be introduced in September 2020.

Pre-budget Scrutiny

7. Scottish Parliament Committees now carry out scrutiny before the publication of the budget. The aim is to have greater influence on the Scottish Government’s budget proposals. There is more emphasis on what spending is achieving and a greater focus on outcomes. This enables committees to build up an evidence base over time on the impact of spending.
8. The Committee focused its budget scrutiny on regional selective assistance (RSA) and other financial assistance offered to businesses by Scotland’s enterprise agencies. The Committee sought to examine the impact of this funding in delivering the Scottish Government’s economic goals. The Committee also considered whether RSA has an impact on employment levels and fair work practices.
9. The Committee launched a call for views and received 10 written submissions. It also received submissions from Scottish Enterprise and Highlands and Islands Enterprise. The Committee visited J K Thomson and Ceramco Ltd. We took evidence from nine witnesses over two meetings and reported on [6 November](#). The Scottish Government responded on [6 February](#). Following publication of the budget, the Committee took evidence from the Minister for Business, Fair Work and Skills on [18 February](#).

Construction and Scotland’s Economy

10. The Committee published its report, Under Construction: Building the future of the sector in Scotland on [2 July](#) and the Scottish Government responded on [27 August 2019](#). The report covered a wide range of key issues for the sector including procurement and apprenticeships.

Energy Statement

11. [Scotland's Energy Strategy](#) was published in December 2017. The Strategy undertakes to publish an Annual Energy Statement. The [Annual Energy Statement 2019](#) was published on 15 May and the Committee agreed to scrutinise the statement.
12. The Committee launched a call for views, focusing on:
 - Whether the 11% renewable heat target was still appropriate.
 - Whether the target was likely to be achieved.
 - What the key risks and threats to achieving the target were, and what more could be done.
13. The Committee received 15 written submissions and held one evidence session with seven witnesses.
14. On [17 December](#), we wrote to the Minister for Energy, Connectivity and the Islands setting out the Committee's consideration. The Minister replied on [7 February](#). On [9 January](#), we wrote to Lord Ian Duncan, Parliamentary Under Secretary of State for the Department of Business, Energy and Industrial Strategy regarding the UK-wide Renewable Heat Incentive. The Rt Hon Kwasi Kwarteng, the Minister for State for Business, Energy and Clean Growth, responded on [3 February](#).

Moveable Transactions Bill

15. The Draft Movable Transactions (Scotland) Bill relates to the ability of businesses to raise finance for any asset that is not land and buildings. This is the majority of most businesses' assets (e.g. industrial machinery, intellectual property, debts due to its creditors). In its report on moveable transactions, the Scottish Law Commission (SLC) noted that "moveable transactions law is vital to the Scottish economy. It enables both businesses and individuals to use their assets to raise finance by selling debts or by granting security over moveable property."
16. The SLC believed that "The existing Scottish law in this area is badly outdated, mainly non-statutory and unclear in some important respects (parts of it have little changed from Roman law and the principal relevant statute on assignation dates from 1862). It is also unduly restrictive and unfit to meet the needs of modern Scottish commerce."
17. The former Convener met Lady Paton, Chair of the SLC, to discuss SLC reports and draft bills within the Committee's remit. As part of the meeting, Lady Paton raised the matter of the SLC's bill on moveable property. On [2 July](#), the Convener wrote to the Cabinet Secretary for Finance, Economy and Fair Work seeking an update on the Draft Movable Transactions (Scotland) Bill; the Minister for Parliamentary Business and Veterans responded that the Bill was not included in this year's Programme for Government. The Committee explored the issue with the SLC and stakeholders in a one-off evidence session on [26 November](#).

18. The Committee wrote to the Minister for Parliamentary Business and Veterans again on [3 December](#) seeking an update on the Scottish Government's position. The Minister replied on [12 December](#) stating that the Scottish Government's legislative programme for the Parliament's final year had yet to be decided.
19. The Committee issued a call for written views so as to explore the issue further and received 10 submissions. The Committee will consider the responses received and decide on its next steps in relation to this inquiry.

Bank Closures

20. In 2018 the Committee conducted a short Inquiry on [Bank closures: impact on local businesses, consumers and the Scottish economy](#).
21. The Committee considered future work to take following its inquiry on bank closures on 24 September. Discussions centred on fee-charging ATMs and the availability of free cashpoints with less affluent areas losing the latter at a faster rate.
22. On [10 December 2019](#) the Committee held a follow-up session with stakeholders representing retailers, ATM operators, LINK and UK Finance.
23. On 11 February the Committee wrote to the banks, the Post Office, UK Finance and the enterprise agencies seeking updates. The letters and responses can be found on the [inquiry page](#).

Protected Trust Deeds

24. During the Committee's consideration of the Debt Arrangement Scheme (Scotland) Regulations 2019 some witnesses raised concerns that Protected Trust Deeds (PTDs) were being promoted and recommended when not the best solution. The Committee agreed to carry out a short inquiry into PTDs hearing from people living with debt and having experience of PTDs, as well as debt advisers and creditors.
25. The Committee issued a call for written views, receiving 34 submissions, and heard from 15 witnesses over the course of three meetings. In addition, Members met with people who have experience of PTDs, and money advisers.
26. The Committee published its [findings](#) on 21 May.

Energy Inquiry

27. In December the Committee held an evidence session with members of the Energy Inquiry Committee of the Royal Society of Edinburgh (RSE) to discuss its [Scotland's Future Energy Report](#).
28. The Committee agreed to carry out a three-part energy inquiry, covering the RSE's report, electric vehicles (EV) infrastructure and locally owned energy. Whilst the

Committee considered these subjects separately, they were linked in relation to decarbonising energy systems and increasing the generation of renewable electricity, balancing transmission and distribution networks whilst powering increasing numbers of EVs and delivering innovative local energy systems (one of the strategic priorities of [Scotland's Energy Strategy](#)).

29. The Committee issued a call for written views, receiving 48 submissions. We heard from nine witnesses over the course of three meetings. In addition, the Committee held an Electric Vehicle Focus Group in Stirling and visited Alexander Dennis in Larbert, Mitsubishi Electric in Livingston, and the ReFLEX project in Orkney.

Gordon MacDonald and Andy Wightman visited Alexander Dennis on 7 January.



Gordon Lindhurst (Convener), Colin Beattie and Richard Lyle visited Mitsubishi Electric, Livingston



30. The Committee intends to report on this inquiry before the summer recess.

COVID-19

31. The Committee has launched an inquiry on the impact of COVID-19 on Scotland's economy, businesses and workers. On [24 March](#) the Committee took evidence from the Cabinet Secretary for Economy, Fair Work and Culture on the impact of COVID-19. We also lodged a call for views with no set deadline.
32. The Committee intends to reflect information received in future work looking at the support being made available to businesses and workers and other measures aimed at mitigating the economic impact of the virus. The Committee will also consider measures needed to support the recovery of the economy as the crisis abates. This would also be the focus of our scrutiny of the Scottish Government's budget.

One-off evidence sessions

Leaving the EU without a Deal

33. In September, the legal position under Article 50 of the Treaty on European Union (TEU) meant that the UK would leave automatically on 31 October 2019.
34. If the UK had left the EU in a no-deal scenario, the key impacts would relate to the immediate departure from the Single Market and the Customs Union without any transition or implementation period, the UK no longer being able to trade with the EU on the same terms as present. In the absence of any sort of negotiated agreement, trade would instead have been on terms governed by the World Trade Organization (WTO).
35. The Committee invited the Cabinet Secretary for Finance, Economy and Fair Work and the Minister for Energy, Connectivity and the Islands to give evidence in writing and in person regarding Scottish Government preparations for leaving the EU without a deal. We received written responses from the [Cabinet Secretary for Finance, Economy and Fair Work](#) and the [Minister for Energy, Connectivity and the Islands](#).
36. The Committee also invited UK Ministers to give evidence on the same topic. The Chancellor of the Duchy of Lancaster wrote to the Committee to [decline](#) the invitation.
37. The Committee held a one-off session with the Cabinet Secretary for Finance, Economy and Fair Work on [1 October 2019](#). The Cabinet Secretary subsequently provided [further evidence](#).

Enterprise and Skills Strategic Board

38. The Enterprise and Skills Review was launched in May 2016 to review the roles, responsibilities and relationships of Scotland's enterprise, development and skills agencies, (Highlands and Islands Enterprise, Scottish Enterprise, the Scottish Funding Council, and Skills Development Scotland). The Strategic Board was created in November 2017 in response to the Review, its objective was to align and co-ordinate the activities of Scotland's enterprise and skills agencies. The Strategic Board has committed to publishing an annual update report. The Committee agreed to take evidence from the board following the publication of its [annual report](#).
39. On [10 March 2020](#), the Committee took evidence from Nora Senior, Chair, Scott McLarty, Vice Chair, Enterprise and Skills Strategic Board, and Richard Murray, Interim Head of the Analytical Unit, Scottish Government. The Committee intends to return to this in due course.

BiFab, the offshore wind energy sector and the Scottish supply chain

40. Last year the Committee held an evidence session on Burntisland Fabrications Limited (BiFab) and the wider issues around the renewables sector and the supply chain in Scotland with the owners of BiFab, the unions, the enterprise agencies and the renewables sector. On 16 May 2019 the Cabinet Secretary for Finance, Economy and Fair Work [wrote](#) to the Committee, setting out the main points of the [Offshore Wind Summit](#). On [25 June](#) the Committee took evidence from the Cabinet Secretary for Finance, Economy and Fair Work where the Cabinet Secretary invited the Convener, or other appropriate representative of the Committee to the next summit. Dean Lockhart attended a Scottish Government summit on these matters (on behalf of the Committee) on 16 January 2020. The Committee has agreed to consider these matters again in June 2020.

Legislation

Scottish National Investment Bank Bill

41. The Scottish National Investment Bank Bill was introduced on 27 February 2019. The Bill requires Scottish Ministers to establish the Bank and gives them powers to capitalise it. It also makes provision for the purpose, objects, ownership and governance of the Bank.
42. The Committee reported on the Bill at Stage 1 on [4 July 2019](#). The Cabinet Secretary for Finance, Economy and Fair Work responded on [26 August 2019](#).
43. The Committee considered amendments to the Bill at Stage 2 on 19 November 2019.
44. The Bill was passed on [21 January 2020](#) and received Royal Assent on [25 February 2020](#).

Consumer Scotland Bill

45. The Consumer Scotland Bill was introduced on 5 June 2019. The Bill will establish Consumer Scotland and give it powers to provide advice; represent the views of consumers; collect information; organise research and carry out investigations.
46. The Committee's general call for evidence on the Bill garnered 55 responses and we heard from 17 witnesses over the course of three meetings.
47. The Committee agreed its Stage 1 report on the general principles of the Bill on [3 December 2019](#). The Minister for Community Safety responded on [15 January 2020](#).
48. The Committee considered amendments to the Bill at Stage 2 on 25 February 2020.
49. Stage 3 consideration of the Bill took place on 6 May.

Protection of Workers (Retail and Age-restricted Goods and Services) (Scotland) Bill

50. Daniel Johnson introduced his Member's Bill on 10 October 2019; the purpose of the Bill being to create an offence of assaulting, threatening, abusing, obstructing or hindering retail workers; and provide for a statutory aggravation of that offence where the retail worker is enforcing a statutory age restriction.
51. The Committee's general call for evidence on the Bill garnered 17 responses, 71 people submitting responses with text provided by the Scottish Co-operative Party and 20 individuals sending submissions via the Scottish Co-operative Party's

campaign. The Committee heard from 11 witnesses over the course of two meetings.

52. The Committee intends to report on this inquiry before the summer recess.

Tied Pubs (Scotland) Bill

53. A tied pub is one where there is a contract between the owner (pub-owning business) and the tenant, which means that the tenant has to buy certain products (mainly beer) from the owner at a higher than normal wholesale cost in exchange for rent of the pub (the rent is often set at a lower than market value). There are currently around 750 tied pubs in Scotland.
54. Neil Bibby introduced his Member's Bill on 3 February 2020. The purpose of the Bill was to improve the position of tied pub tenants by requiring the establishment of a Scottish Pub Code to govern the relationship between pub-owning businesses and their tied tenants and ensure the appointment of a Scottish Pubs Code Adjudicator to apply the code.
55. In the context of COVID-19, the Committee initially paused its consideration of the Bill; acknowledging the challenging time for businesses and the pub industry, busy prioritising the needs of their business and staff. However, while this continues to be a challenging period, the Committee later considered it would be helpful for the industry to have clarity on matters contained within the bill, and the call for views and survey were reopened.

Heat Networks (Scotland) Bill

56. Heat networks is a term describing both community and district heating, a heat network distributes heat (most commonly hot water and steam) via insulated pipes from a central generator instead of having a boiler in each property. Such an approach – ideally drawing on renewable energy or recovered waste or surplus heat sources – can be a way of cutting carbon emissions and heating bills for businesses and communities.
57. This Bill was introduced by the Cabinet Secretary for Transport, Infrastructure and Connectivity, Michael Matheson, on 2 March 2020. The purpose of the Bill was to encourage greater deployment of heat networks in Scotland, to help reduce emissions from heating homes and buildings. It was also intended that the Bill would contribute towards Scotland's target to deliver 11% of non-electrical heat demand from renewable sources by 2020 and the Scottish Government's target that 50% of all energy consumption come from renewables by 2030.
58. The Committee issued a call for views on 20 March 2020 and plans to begin its scrutiny of the Bill in June, continuing into the autumn.

Subordinate Legislation

59. In this parliamentary year, the Committee dealt with four affirmative instruments and five negative instruments.

European Union (Withdrawal) Act 2018

60. Ahead of the UK's withdrawal from the European Union, a protocol was agreed for considering proposals for UK statutory instruments under the European Union (Withdrawal) Act 2018. This was to afford the Scottish Parliament the opportunity to scrutinise Scottish Government proposals to consent to the UK Government legislating in devolved areas in these circumstances. The Committee considered five EU Exit statutory instruments under the protocol.

Engagement and equalities

Business in the Parliament

61. The Business in the Parliament Conference is an annual event hosted jointly by the Scottish Parliament and the Scottish Government. It aims to bring Scotland's businesses and politicians together and forms part of a regular and on-going Parliament and Government programme of engagement with business organisations and senior business leaders across Scotland.



62. The theme of the 2019 event was leadership. Over 220 delegates gathered at the Scottish Parliament for the conference on 7 and 8 November 2019. The event saw participants discuss a range of enterprise-related issues with politicians, among them the First Minister. The event, which was chaired by the Presiding Officer, featured a keynote address from Robin Watson, CEO of Wood.

Robin Watson, CEO of Wood gave the keynote address



Engagement

63. To engage with individuals and organisations outside of the Parliament, the Committee visited eight organisations across Scotland as part of its inquiries and held four focus groups.
64. To ensure that the Committee received as wide a response as possible for its Protection of Workers (Retail and Age-restricted Goods and Services) (Scotland) Bill, the Scottish Parliament's Engagement and Outreach teams set-up a "pop-up Parliament" stand in the Piazza Shopping Centre in Paisley, asking retail workers and shoppers what they thought about the Bill. The Scottish Youth Parliament also asked young people how they felt about the Bill through an online survey.

The Scottish Parliament's Engagement and Outreach teams set-up a "pop-up Parliament" stand in the Piazza Shopping Centre in Paisley



65. As part of its Protected Trust Deeds inquiry, the Committee held a focus group in Inverclyde Community Hub, Greenock.
66. In January, as part of its Energy Inquiry, the Committee visited Mitsubishi Electric in Livingston and Alexander Dennis in Falkirk. The Committee also held an Electric Vehicle Focus Group in Stirling.
67. In February, several members of the Committee visited Orkney as part of the energy inquiry, to learn about the "smart energy island" project and use of renewable energy and electric vehicles.

Jamie Halcro Johnston, Gordon MacDonald and Andy Wightman visited Orkney as part of the energy inquiry



68. This year, of 149 witness appearances before the Committee. 67% were male and 33% were female.
69. In addition to the Committee's presence on Twitter, the Committee circulated a weekly newsletter covering its current and future work to a range of stakeholders.

Infographics



of time committee met in public



32

Committee meetings



Reports published



152

Number of people who gave evidence representing **93** organisations



Witnesses who gave evidence



SSIs considered



Written evidence received



Inquiries held



Engagement activities



8 Fact finding visits



Bills scrutinised



2593 followers

438 tweets

Source:

