

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT SCOTTISH FISCAL COMMISSION ACT
2016 (CONSEQUENTIAL PROVISIONS AND
MODIFICATIONS) ORDER 2017

Tuesday 31 January 2017

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Saturday 4 February 2017

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The Committee consisted of the following Members:

Chair: MR JAMES GRAY

† Adams, Nigel (*Selby and Ainsty*) (Con)
 † Anderson, Mr David (*Blaydon*) (Lab)
 † Blackman, Kirsty (*Aberdeen North*) (SNP)
 † Blenkinsop, Tom (*Middlesbrough South and East Cleveland*) (Lab)
 Clwyd, Ann (*Cynon Valley*) (Lab)
 † Ellis, Michael (*Deputy Leader of the House of Commons*)
 † Hall, Luke (*Thornbury and Yate*) (Con)
 † Hepburn, Mr Stephen (*Jarrow*) (Lab)
 † Howell, John (*Henley*) (Con)
 † Morris, David (*Morecambe and Lunesdale*) (Con)

Mullin, Roger (*Kirkcaldy and Cowdenbeath*) (SNP)
 † Murray, Ian (*Edinburgh South*) (Lab)
 † Penrose, John (*Weston-super-Mare*) (Con)
 † Pickles, Sir Eric (*Brentwood and Ongar*) (Con)
 † Smith, Jeff (*Manchester, Withington*) (Lab)
 † Sturdy, Julian (*York Outer*) (Con)
 † Thomas, Derek (*St Ives*) (Con)
 † Wheeler, Heather (*South Derbyshire*) (Con)

Nehal Bradley-Depani, Rob Page, *Committee Clerks*

† **attended the Committee**

Second Delegated Legislation Committee

Tuesday 31 January 2017

[MR JAMES GRAY *in the Chair*]

Draft Scottish Fiscal Commission Act 2016 (Consequential Provisions and Modifications) Order 2017

2.30 pm

The Deputy Leader of the House of Commons (Michael Ellis): I beg to move,

That the Committee has considered the draft Scottish Fiscal Commission Act 2016 (Consequential Provisions and Modifications) Order 2017.

It is a pleasure to appear before you, Mr Gray. The draft order was laid before the House on 19 December 2016 and is made under section 104 of the Scotland Act 1998, which allows for necessary or expedient legislative provision in consequence of an Act of the Scottish Parliament. This order is therefore designed to assist the provisions of the Scottish Act of Parliament in question and is made in consequence of the Scottish Fiscal Commission Act 2016, which was passed by the Scottish Parliament on 10 March 2016 and received Royal Assent from Her Majesty on 14 April 2016.

The purpose of the 2016 Act was to establish the Scottish Fiscal Commission as a body corporate, to provide for its functions, set out in section 2, which include preparing forecasts and assessments to inform the Scottish budget, and, in section 11, to establish a duty to co-operate with the Office for Budget Responsibility so far as is necessary for it to perform its functions.

The commission was originally set up in 2014 as a non-statutory body with a main function of scrutinising the Scottish Government's forecasts for tax revenues devolved to Scotland. The Scottish Government have since consulted on draft legislative provisions—the Scottish Fiscal Commission (Modification of Functions) Regulations 2017—to expand the commission's functions and include areas devolved by the Scotland Act 2016. Those draft regulations were laid before the Scottish Parliament last week, on Friday 27 January, and are due to come into force on 1 April 2017.

The order, which will extend throughout the United Kingdom, will enable the Scottish Fiscal Commission Act 2016 to be implemented in full. It contains provisions about the status of the commission and amends UK legislation that is not within the legislative competence of the Scottish Parliament. Article 2 of the order makes the commission part of the Scottish Administration, allowing for its designation as a non-ministerial department. The effect is that the commission will be accountable to the Scottish Parliament. Also, civil servants who work in the commission, which, as I said, is currently a non-statutory body, will transfer to the new statutory commission and continue to be civil servants. The civil service is a reserved matter under schedule 5 to the Scotland Act 1998, so it is not within the legislative competence of the Scottish Parliament to enact such a transfer, and this measure regularises that wish as well.

Article 3 provides that the Crown Suits (Scotland) Act 1857 does not apply to the commission, with the effect that the Lord Advocate cannot sue or be sued in place of the commission. Article 4 places an obligation on the Office for Budget Responsibility to co-operate with the commission. That duty is reciprocal to the one that I mentioned in section 11 of the 2016 Act, so in effect the two bodies have to co-operate with each other. The OBR is required to enable information sharing so far as is necessary for the commission to fulfil its functions. Finally, article 5 amends the House of Commons Disqualification Act 1975 to disqualify members of the Scottish Fiscal Commission from being Members of the House of Commons. That is to protect the commission's independence and impartiality.

The UK and Scottish Governments, Ministers and officials have worked closely together to ensure that the order makes the necessary amendments to UK legislation in consequence of the 2016 Act and the fiscal framework agreement between the UK and Scottish Governments. I hope that the Committee will agree that it represents a sensible and appropriate use of the powers in the Scotland Act and that it demonstrates the UK Government's ongoing commitment to making the devolution settlement work. I commend the order to the Committee.

2.35 pm

Ian Murray (Edinburgh South) (Lab): It is a great pleasure to serve under your chairmanship, Mr Gray, and I wish to make a few brief remarks from the Back Benches. The order is certainly a step forward, which I welcome.

I am glad that both Governments have been able to come together to provide this independent scrutiny of Scottish Government finances, because for a long time the Scottish Government have been able to mark their own homework on revenues and expenditure. For the first time, there will be independent forecasts and analysis of the spending and revenues of the Scottish Parliament. That is incredibly significant, given that the Scotland Act 2016 turned the Scottish Parliament into one of the most powerful devolved Parliaments in the world. For the first time, it will be fully accountable for the money it has to raise and the spending it will do.

I pay credit to the former Chancellor for establishing the Office for Budget Responsibility at a UK level, because it shone a light on the forecasts for growth—although, as a small addendum, I would say that although it has shone a little on the forecasts for growth none of them has ever been right since the OBR was created in 2010. Setting that aside, it does give an independent forecast of how the UK economy is running, deficit, debt and all the other issues.

That is incredibly important in a Scottish context. The Government Expenditure and Revenue Scotland figures produced by the Scottish Government every year show the position that Scotland is in—it is carrying a significant deficit, mainly because of the collapse in oil revenue—but when they publish the figures, they spend the next few weeks dismissing the very figures produced by their own officials. Something that is robust, independent and reports to the Scottish Parliament is very welcome in shining a light on some of those figures.

My only surprise when selected to be on this Committee to discuss the order was the fact that I tabled an amendment to the Scotland Bill, which became the Scotland Act 2016, to deliver this very principle, which the Conservative and Scottish National parties voted against. That would have set this up an awful lot quicker and been in the Bill, rather than our having had to wait for this order.

I tabled that amendment to the Scotland Bill because the Smith commission recommended that the Scottish Parliament should seek to expand and strengthen independent scrutiny of its own finances, particularly when it had the gamut of income tax-raising powers and pretty much all of the moveable taxes now devolved to the Scottish Parliament. I am delighted that my amendment has finally come into law and I will take full credit for that—particularly in the media in Scotland—if that is acceptable to the Minister.

I thank the Minister for introducing this order and welcome it. I look forward to the body being set up and being transparent about Scottish expenditure and revenue, so that we can truly shine a light on the powers that the Scottish Parliament has at its disposal to change the lives of people who live in Scotland.

2.38 pm

Kirsty Blackman (Aberdeen North) (SNP): It is great to be on another Delegated Legislation Committee, as it seems I keep getting put on them—*[Interruption.]* I genuinely mean it. It is also great to follow the hon. Member for Edinburgh South, who is always so political, although that is a shame when we could be really consensual on these matters.

It is sensible for the process to be this way around as we set up the Scottish Fiscal Commission. The Scottish Parliament is setting the body up and we are just tinkering with the additional legislation that is required. That is a reasonable way to do it if we are serious about ensuring that the Scottish Parliament is considered one of the most powerful devolved Parliaments in the world, as the Government regularly say it is. We need to ensure that it has the ability to do the things within its power and that we simply pass the allowing legislation—the tinkering legislation—to allow that to happen.

On the importance of the Scottish Fiscal Commission and why we need it, given the challenges that we face and the changes that there have been to the powers of the Scottish Parliament—such as tax-raising powers like we have never had before—it is sensible to have a distinct Scottish flavour to budgetary, financial and fiscal projections. We have not really had that from the OBR; it does not do that and was not set up for that, as that is not the point of it. This is therefore a reasonable and sensible measure.

In Scotland, we do not have the issues with immigration that some communities in England feel as if they have faced. Our population is not growing as fast as the

population of England; it never has, since the Act of Union. Since we do not have powers over immigration—we do not have those levers—it is very difficult for us to grow our population, and thus our tax base, and to change the economic situation in Scotland.

Given that background and the challenges we face, I think it is reasonable for an independent commission to be set up to provide impartial and clear evidence about projections. As has been stated, the OBR often does not get it right; hopefully the Scottish Fiscal Commission will be more on the money, but we will have to wait and see. No doubt there will be evaluation along the way but, in general, I support the order, I am pleased to see it being introduced and I am pleased to see that the Scottish Parliament has taken the lead in setting it up.

2.41 pm

Mr David Anderson (Blaydon) (Lab): It is a privilege to serve under your chairmanship today, Mr Gray. I welcome the order. The important thing about this debate is that it is not about the present Scottish Government or the past Scottish Government and how they have behaved; it is about the Scottish Government as an institution. From now on, an independent commission will be able to scrutinise the Government's work.

I share the concerns of the hon. Member for Aberdeen North. There is an issue about how good the scrutiny is when the people doing it are 500, 600, 700 or even 800 miles away from the people on the ground, so it is very good that we are where we are. However, I echo the words of my hon. Friend the Member for Edinburgh South about the time that this has taken. I do not want a debate about why his amendment fell, because I am glad that we have unity here today, but it is quite clear that there were concerns and resistance when the Scottish Fiscal Commission Act was being debated in the Scottish Parliament last year. Will the Minister explain why this has taken so long and why the order will not be enacted for at least another two months? I understand that nothing moves very fast in this place, but did it really have to take this long?

2.42 pm

Michael Ellis: The timeframes for the administrative aspects of enacting these measures are perfectly routine. I do not think that they depart from the normal processes that are necessary for moving through the legislative and administrative procedures for getting these things authorised.

I conclude by commending the order to the Committee. I am delighted that it has the support of all Members from the Opposition parties and from the Government.

Question put and agreed to.

2.43 pm

Committee rose.

