



The Scottish Parliament
Pàrlamaid na h-Alba

Devolution (Further Powers) Committee & Finance Committee

T3.40

The Scottish Parliament
Edinburgh, EH99 1SP

3 November, 2015

Dear John,

Re: Scotland's fiscal framework

Thank you for your letter of 14 October regarding the fiscal framework to both of our committees. We note your commitment to keep our committees and the Scottish Parliament more generally informed of progress with regard to negotiations concerning the fiscal framework. We also welcome that you have reiterated that, subject to satisfactory progress being made, you intend to bring a draft of the framework to the Parliament for scrutiny. Both committees intend to scrutinise the framework at that point so it would be helpful to have as much information as possible at this stage to inform our deliberations. Additionally in its recent report on inter-governmental relations, the Devolution (Further Powers) Committee has stressed the important principle that the Scottish Parliament be kept informed more generally of inter-governmental relations and the outcomes of these relations, such as the fiscal framework.

In the recent debate in Parliament, on the Finance Committee's report, on the fiscal framework concerns were raised regarding the availability of information regarding the fiscal framework discussions which you recognise in your letter. In order to address these concerns, you asked for more detail regarding information which the two committees consider it would be helpful to have made available regarding the fiscal framework discussions. We welcome your constructive offer.

We recognise that sensitive discussions are currently on-going between the Scottish and UK Governments. However, at this stage in order to inform parliamentary debate and scrutiny on this issue, it would be helpful if the Scottish Government was able to provide the individual chapter headings / sections of the framework currently being discussed. This would give us a sense of the expected broad contents we may see in a fiscal framework if one is agreed to by the two governments. This presumably includes the broad headings such as: the definition of the 'no detriment principle'; the calculation of block grant adjustments; future adjustment arrangements; the method for assigning VAT; managing risk (such as borrowing); role of the Scottish Fiscal Commission and other bodies.

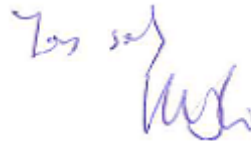
We recognise that whilst you may not be in a position to share all of the detail in relation to the issues above at this juncture, any information you can provide now will help us prepare the ground for the deliberations we will have on a framework in the future. We look forward to hearing from you.

We are also copying this letter to the Chief Secretary to the Treasury, Greg Hands MP, and to the Secretary of State for Scotland, David Mundell MP.

Yours sincerely,

A handwritten signature in blue ink that reads "Bruce Crawford".

Bruce Crawford MSP
Convener

A handwritten signature in blue ink that reads "Ken Gibson".

Kenneth Gibson MSP
Convener