

Deputy First Minister
and Cabinet Secretary for Finance, Constitution and Economy
John Swinney MSP



T: 0300 244 4000
E: dfm@gov.scot



Kenneth Gibson MSP
Convener
Finance Committee
Scottish Parliament
Edinburgh
EH99 1SP

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Dear Kenneth

The Chief Secretary to the Treasury and I met for the fourth time on 9 October to continue our negotiations to agree Scotland's fiscal framework. As with previous meetings we discussed a number of detailed issues and these included administration costs, resource borrowing, no detriment, VAT assignment and funding arrangements for Crown Estate and Employability programmes. We also considered draft terms of reference for the JEC going forward.

A joint communique was issued by both the Scottish Government and HM Treasury following the meeting and a copy is attached to this letter.

Following the Fiscal Framework debate last week I wrote to Scottish Parliament finance spokespersons on 8 October requesting input from them on the further information they are seeking on the fiscal framework negotiations. Given the Finance Committee's interest in this issue I would also be happy to receive a response from you and the Committee members on the information you would also find it helpful to see. This is a negotiation and I am therefore limited as to the information I can provide but I am happy to consider how it may be possible to meet the concerns raised.

I am also copying this letter to Bruce Crawford MSP, Convener of the Devolution (Further Powers) Committee.

JOHN SWINNEY

JOINT EXCHEQUER COMMITTEE – 9 OCTOBER 2015

The Joint Exchequer Committee met in Edinburgh today, chaired by John Swinney MSP, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy. The UK Government was represented by the Chief Secretary to the Treasury, Rt Hon Greg Hands MP.

This was the fourth meeting of the JEC since the publication of the Smith Commission Report. Ministers continued their detailed discussions on the substantive elements of the fiscal framework that will underpin the financial provisions of the Scotland Bill.

The Ministers discussed administration costs for devolved taxes and spending powers, both on-going costs and one-off implementation costs, and how these should be allocated without the need for continued negotiation.

The Ministers considered further options for resource borrowing and assessing spillover effects associated with the no detriment principle, building on discussions from the previous JEC in September.

The methodology for VAT assignment was discussed, as were further options for the funding arrangements for the Crown Estate and Employability Programmes.

The meeting also considered draft Terms of Reference for the on-going operation of the Joint Exchequer Committee.

Finally, Ministers considered the structure and outline content of the framework.

Ministers will meet again soon to continue discussions. Ministers continue to aim to reach final agreement this autumn.

**Scottish and UK Governments
October 2015**