



The Scottish Parliament
Pàrlamaid na h-Alba

Citizens' Guide to Scottish Devolution

Published by the Devolution (Further Powers) Committee

[As at Thursday 17 March 2016]



Establishment of The Scottish Parliament

Devolution timeline 1988 – 1999

July 1988

Scottish Constitutional Convention proposed

30 March 1989

Scottish Constitutional Convention inaugural meeting

30 November 1995

Scottish Constitutional Convention publish Scotland's Parliament, Scotland's Right (Claim of Right)

1 May 1997

Labour win General Election

11 September 1997

Referendum on Scottish Devolution

19 November 1998

Scotland Bill receives Royal Assent

6 May 1999

First Scottish Parliament elections

12 May 1999

First meeting of the Scottish Parliament

1 July 1999

Scottish Parliament takes up its powers



The Scottish Parliament
Pàrlamaid na h-Alba



The Scottish Parliament and Scottish Government were established in 1999 by an Act of the UK Parliament. Under this Act (the Scotland Act 1998) a range of powers were transferred (devolved) to Scotland.

These include:

Current Major Devolved Powers

 Agriculture, forestry and fisheries	 Housing
 Culture and creative industries	 Justice
 Economic development	 Local Government and Local Government elections
 Education and training	 Social Work
 Environment and planning	 Sport
 Fire services	 Tourism
 Health and social services	 Transport (excluding most power over aviation, shipping, road traffic law and HGV and bus driver, vehicle and operating licensing)



Current Major Reserved Powers

 Broadcasting	 Economic and monetary policy, including the currency and interest rates
 Constitution	
 Consumer protection	 Foreign policy
 Defence & Security	 Immigration
 Employment	 Social security
 Equal opportunities	 Telecommunications
 Energy (excluding the promotion of renewable energy generation and energy efficiency)	 Trade and industry



Your guide to Scottish Devolution

Since 2000 there have been amendments made to Schedule 5 of the Scotland Act 1998 which have devolved power to the Scottish Parliament, for example, in 2004 the power to legislate in relation to the promotion and construction of railways, which start, end and remain in Scotland.

In addition, further powers have been devolved to Scottish Ministers since 2000. These powers have included responsibility for the Scottish rail franchises, initially transferred in 2001. Whilst the functions are now exercised by Scottish Ministers, the subject matter remains reserved.

In 2012, following the recommendations of the Calman Commission, a further transfer of powers took place.

New powers under the Scotland Act 2012



Air weapons (power to make law relating to the use and regulation of most air weapons in Scotland)



Borrowing powers up to £2.2 billion (Capital) and £500m (Revenue)



Drink driving alcohol limits



Scottish representation on Boards of the BBC and Crown Estate



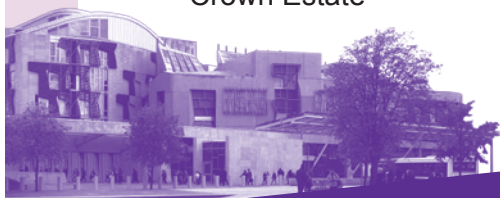
Landfill Tax from 1 April 2015



Scottish Rate of Income tax (SRIT) From 1 April 2016. The UK Government will deduct 10p in the £ from basic, higher and additional rates of income tax and the Scottish Parliament will have the power to levy a Scottish rate across these three bands.

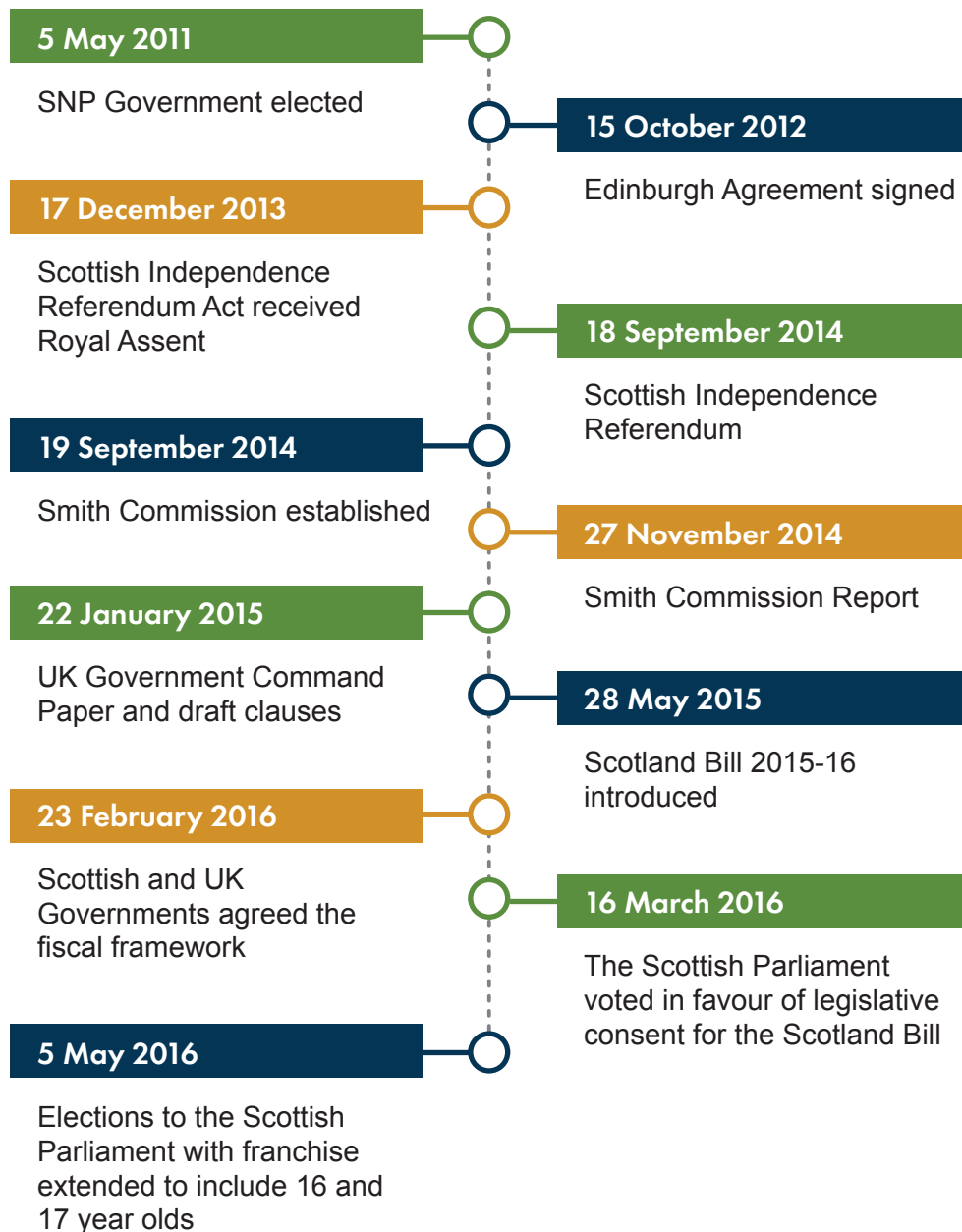


Stamp Duty Land Tax (SDLT) from 1 April 2015



Further Powers for The Scottish Parliament – Smith Commission

Devolution timeline 2011 – 2016



New powers under the Scotland Bill 2015-16 [As at 17 March 2016]



Air Passenger Duty and Aggregates Levy



Partial assignment of VAT revenues



Income tax (including setting rates and thresholds)



Consumer advocacy and advice



Crown Estate (Management of, and revenues from, its economic assets in Scotland)



Scottish Parliament elections and the local government franchise. Includes regulation of campaign spending and controlled expenditure on SP elections.



Proposal to introduce specific **equality requirements** for public bodies



Onshore oil and gas licensing



Additional health power (**abortion**)



Employment programmes (power to create employment schemes for those at risk of long-term unemployment and to help disabled people into work)



Gaming machine licensing powers (The powers apply specifically to controlling the number of Fixed-Odds Betting Terminals)



Energy efficiency and Fuel poverty schemes



Transport, including road signs, speed limits and the functions of the British Transport Police



Reserved tribunals (except Special Immigration Appeals Commission and Proscribed Organisations Appeals Commission)



Welfare including control over certain benefits outside of Universal Credit (UC) and the power to vary the housing element of UC and to vary UC payment arrangements



The main areas of further devolution proposed by Smith and the Scotland Bill 2015-16 are taxation and welfare: The next section looks in more detail at these new powers.

Taxation

Under the Scotland Act 1998, the Scottish Parliament had power over taxation that represented less than 10% of devolved expenditure in Scotland. This will increase under the 2012 Act to around 21% of expenditure and to around 36% when the (current) provisions in the Scotland Bill come into effect. If assigned revenue from VAT is included, Scotland will receive revenue equal to 48% of expenditure.

Fiscal Framework

The Smith Commission recommended that the devolution of further responsibility for taxation and public spending, including elements of the welfare system, should be accompanied by an updated fiscal framework for Scotland, which should be consistent with the UK fiscal framework.

The Scottish and UK Governments agreed a fiscal framework in February 2016 that sets out the principles that will underpin the financing of the proposals for further devolution contained in the Scotland Bill. In particular, the framework sets out the principles which will apply to the adjustment of Scotland's block grant to take account of the proposed introduction of devolved and assigned revenues and also the transfer of responsibilities in relation to welfare. This includes the operation of the principle of 'no detriment' which acts to ensure that Scotland's block grant is no lower or higher as a consequence of the devolution of powers.

The agreement provides for a review of the fiscal framework by the two governments following the Scottish Parliament election in 2021. This review is to be informed by an independent report which will be provided to both governments by the end of 2021.

The agreement also states that the UK Government will make a one-off payment of £200m to support the implementation of the new powers. In addition, the Scottish block grant will be increased by £66m on a rolling basis to cover on-going administration costs associated with the implementation of the new powers.

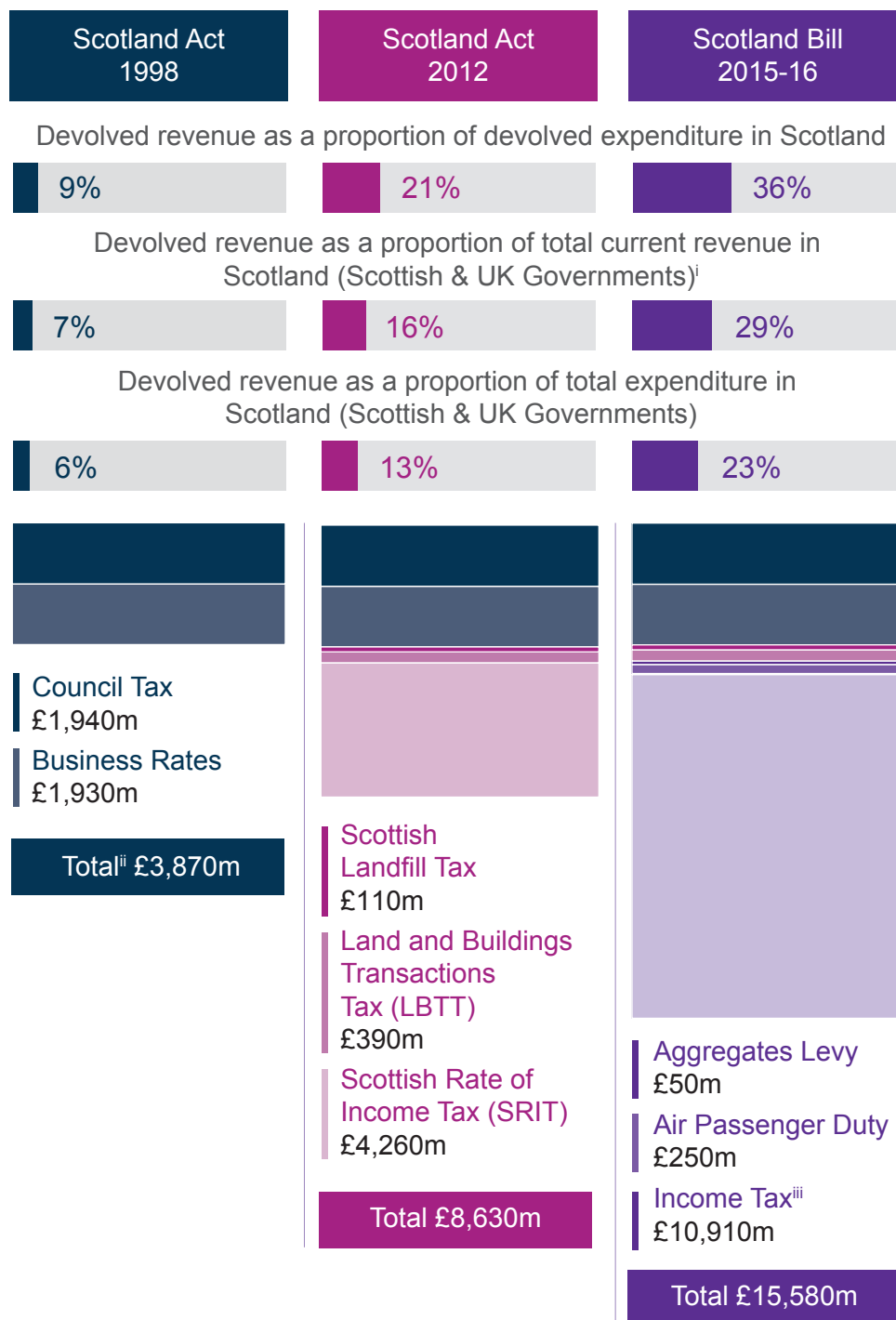
As part of the agreement, the Scottish Government's capital borrowing limit will increase from £2.2bn to £3bn, with resource borrowing increasing up to £600m per annum up to an overall limit of £1.75bn.

In terms of the timescales when the new powers will become operational, the agreement states:

- Devolution of income tax rates and thresholds for non-savings and non-dividend income will commence from April 2017
- The new capital and resource borrowing limits will take effect from April 2017
- Devolution of Air Passenger Duty from April 2018
- VAT assignment will become operational in 2019-20.

The fiscal framework agreement can be obtained at: www.gov.scot/fiscalframework

Taxation controlled by the Scottish Parliament under the Scotland Act 1998, Scotland Act 2012 and proposed under the Scotland Bill 2015



Notes: All figures are based on GERS 2013-14. The Scotland Bill 2015-16 figures do not include assigned revenue from VAT in Scotland. Including assigned revenues from VAT would increase the approximate proportion of devolved expenditure under the Scotland Bill to 48%.

i Total current revenue includes a geographic share of North Sea revenue

ii Totals are the sum of the rounded tax revenues

iii Under the Scotland Bill 2015-16, income tax will replace the Scottish Rate of Income Tax

Welfare

Most welfare benefits are reserved to Westminster and will remain reserved. These include: Pensions and Pension Credit; Child Benefit; Jobseekers Allowance; Employment and Support Allowance; Housing Benefit; Income Support; Tax Credits and Universal Credit (UC). UC is replacing a number of existing benefits and is being introduced on a phased basis across Scotland.

The Scottish Government currently provides welfare support in regard to Council Tax Reduction (previously Council Tax Benefit) and the Scottish Welfare Fund (previously the Community Care Grant and Crisis Loans).

The Scotland Bill will devolve power over a number of welfare benefits to Scotland, as listed below, along with proposals to:

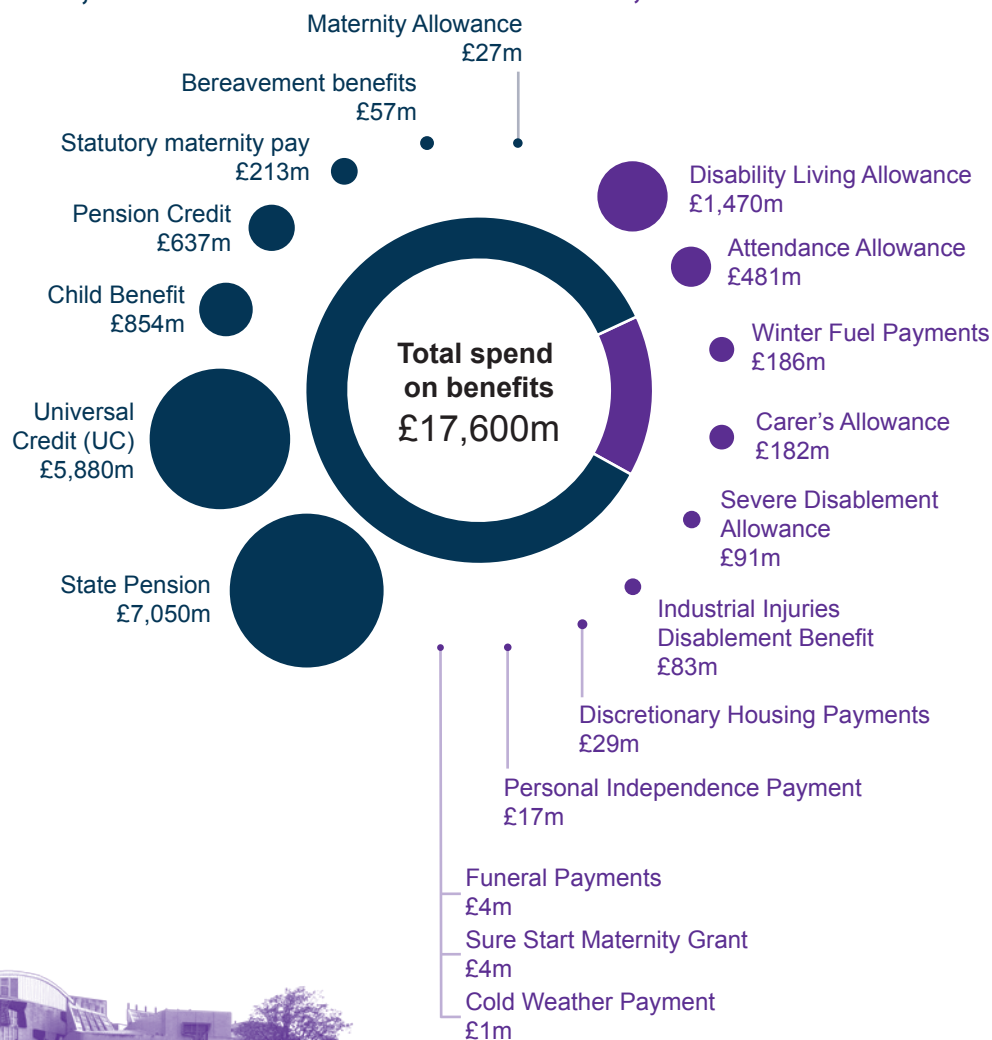
- vary the housing costs element of UC for people who rent their home, and the power to vary certain administration arrangements, such as the frequency of payments.
- top-up reserved benefits – these discretionary top-up payments could be paid on an individual case by case basis or to provide on-going entitlement to specific or all benefit claimants. This would mean that the Scottish Government could provide extra money to individuals or provide extra money to an existing benefit payment.
- introduce short-term discretionary payments for people whose well-being is at risk. This is similar to, but expands upon, the Scottish Welfare Fund.
- use discretionary housing payments to help people in rented accommodation with their housing costs.
- Create new benefits in devolved areas.

The main benefits, and how much was spent on them in Scotland by the UK Government in the year 2013-14, are shown in the following table. The right hand column shows which benefits are proposed by the UK Government to be devolved to Scotland. If these benefits were to be devolved then the Scottish Parliament would have control over 17% of spend on benefits in Scotland.

Welfare benefits after further devolution

Total spend on reserved benefits
£15,000m

Total spend on devolved benefits
£2,600m



Notes: These figures are based on UK benefit spend in Scotland for the year 2013-14. UC spend has been estimated by adding together the benefits it will replace. UC will replace means-tested benefits for people of working age (that is: housing benefit, income-based Jobseekers Allowance, income-related Employment and Support Allowance and income support) and tax credits for working-age families.

Further Reading

Scotland Bill 2015-16 as amended at Report Stage in the House of Lords
(29 February 2016)

Scotland Bill 2015-16 webpages on UK Parliament website

Scotland Bill 2015-16 webpage on Scottish Parliament website

Devolution (Further Powers) Committee webpage

Devolution (Further Powers) Committee 3rd Report, 2015 (Session 4):
New Powers for Scotland: An Interim Report on the Smith Commission and
the UK Government's Proposals

Devolution (Further Powers) Committee 3rd Report, 2016 (Session 4): New Powers
for Scotland: Final Report on the Scotland Bill'

HM Government Scotland in the United Kingdom: an enduring settlement
(22 January 2015)

Smith Commission Report of the Smith Commission for further devolution of
powers to the Scottish Parliament (27 November 2014)

Scottish Parliament SPICe Further Devolution hub

Committee Membership



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Your guide to Scottish Devolution

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