FINANCE COMMITTEE
INQUIRY INTO THE DEVOLUTION OF FURTHER FISCAL POWERS
SUBMISSION FROM PETER HICKMAN

• **What general principles should apply to the devolution of further financial powers to the Scottish parliament?**

  The Scottish parliament should have full control over all the finances required to run Scotland. Full control over spend and full control over raising all taxes. A small amount of tax raising powers should remain with the UK parliament to cover any remaining non-devolved powers.

• **What further financial powers should be devolved to the Scottish Parliament and why?**

  All tax raising power required to finance Scotland.

• **What further financial powers should not be devolved to the Scottish Parliament and why?**

  A small amount of central tax raising will be required to fund powers not yet devolved to the Scottish parliament.

• **To what extent could the Scottish Government be constrained in how it uses new tax powers given the interaction with fiscal decisions at a UK level?**

  None. This means there is no subordination to a UK government for any devolved powers.

• **What are the implications of further fiscal devolution for the block grant?**

  It should be abolished.

• **What are the implications of further financial powers for the role of Revenue Scotland?**

  Revenue Scotland would take over all tax raising powers for Scotland.

All the above suggests that there is a ‘federal’ devolution of power to Scotland (and to all other home countries including England). The UK government is not superior to the Scottish government in any area of devolved power. The UK government only has control of non-devolved powers such as defence and perhaps foreign policy.

Below is my paper on the structures required for a ‘federal Britain.

**Introduction**

I have been considering the question of the structure of devolution within the UK for some time. My first encounter with the need for change was during proposals for the reform of the House of Lords where it was suggested there might be an element of election involved. My concern was that this would add yet another elected representative to the long list of
elected representatives I already have. At the time I discussed these proposals with my then MP Des Browne, now Baron Browne of Ladyton. Since then I have come to the conclusion that these proposals for the structure of UK and devolved parliaments provide a consistent and fair representation to all peoples in the UK as well as resolving the 'West Lothian' question and completing the reform of the House of Lords. This is achieved by have clear and consistent division of responsibilities between the UK government and the governments of each of the four home countries. I believe it is important that each country has the same levels of devolution and therefore the same responsibilities for the way their country is run. This removes any possibility of unequal treatment (perceived or actual) between a home country and its parliament and the UK parliament.

Note - I use the term UK Senate below to make the distinction from the current UK parliament House of Commons to the proposed new UK parliament.

Evidence on the structure and responsibilities of a UK Senate and home country parliaments.

**Executive Summary**
- Establish a UK 'Senate' with responsibility for UK wide areas such as defence, foreign policy and the EU. The senate should have tax raising powers to provide the money to fulfil its responsibilities.
- Establish an English parliament which will exist alongside the devolved parliaments in Scotland, Wales and Northern Ireland. (i.e. four home country parliaments)
- Each home country parliament must have the same powers and responsibilities, including tax raising powers to fulfil its responsibilities.
- Dissolve the House of Lords.
- The current proposals are inadequate in a number of areas such as the 'West Lothian' question and House of Lords reform.

**Details**
1. Establish a UK Senate. The 'Senate' would be the elected body responsible for all UK retained powers. These would probably include at least defence, foreign policy, currency control and EU matters. Also a part of the Justice department would be retained to cover military courts and the UK supreme court. The 'Senate' would consist of a fixed number of elected representatives from each home country, the number of representatives being based on the population of each country. It could also contain a small number of unelected members if required, selected in a similar way to members of the House of Lords today. This would allow people with particular expertise to be retained within the overall government system. The total number of representatives would be considerably less than required in the UK Government today.

2. The 'Senate' would set its own budget and raise the money through taxes equally applied throughout the UK. The 'Senate' would be supported by its own Civil Service as required.

3. The roles and responsibilities of the UK 'Senate' would be established through a written constitution. Changes to this constitution would require a UK wide referendum.

4. Establish an English Parliament. The English parliament would essentially be the same as the devolved parliaments in the other UK countries. It would consist of elected representatives only from England and would be responsible in England for all devolved powers.
5. Devolved powers for the four home parliaments. Each home country parliament would have to have the same set of powers and responsibilities. This is key to establishing a clear dividing line between UK Senate responsibilities and home country parliament responsibilities. Each home country Parliament would have a fixed number of elected representatives according to the county's size and need. Each parliament would set its own budget and have powers to raise taxes as it sees fit to meet its expenditure. Each country would also be able to raise money from the Central UK bank and by other means as required.

6. The powers for each country would be defined in a written constitution. Changes to this constitution would require a UK wide referendum.

7. Further Devolution. Each home country would be able to further devolve powers to regional or city authorities as it sees fit.

8. The current House of Commons would be dissolved. Most of the current House of Commons structure would become either part of the UK Senate or part of the English parliament.

9. The current House of Lords would be dissolved. Certain key members may be appointed to the 'Senate' to retain certain expertise.

Notes on Implementation

England and Scotland already have many of the institutions and much of the infrastructure required to implement these proposals. Wales and Northern Ireland will require some time and money to establish the further institutions required. In all cases much of the infrastructure could be used for both country and UK needs. For example the country tax collecting organisations should also collect the UK tax for the Senate.

Why the current proposals are inadequate.

1. None of the current proposals answer the 'West Lothian' question. Most of the arguments for not resolving this problem seem to revolve around party political considerations.

2. None of the current proposals complete the reform of the House of Lords. This subject does not seem to have been on any agenda for some time.

3. Devolution within England, with the current parliament, to local authorities or cities is not the same as devolution to a country Parliament, therefore this type of English devolution would be on a completely different basis from Scottish (and Welsh) devolution. For a true democratic and fair structure each of the devolved authorities should have the same responsibilities. This can only happen at the country level. However once this is done then each country can further devolve power as it sees fit and suits its own needs.