



The Scottish Parliament  
Pàrlamaid na h-Alba

## Social Justice and Social Security Committee

Social Justice and Social Security Committee  
The Scottish Parliament  
Edinburgh  
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Via email only

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### **Social Justice and Social Security Committee consultation response to inform the Fiscal Framework Independent Report**

The Committee welcomes the UK and Scottish Governments call for evidence to inform the independent report that will be considering the Scottish Government's block grant adjustment arrangements for tax and welfare devolution, ahead of a wider review of the Scottish Government's Fiscal Framework.

To date the Committee has not had an opportunity to consider different approaches to social security funding. The following comments are therefore more general observations, which the Committee considers should be taken into account for the independent assessment.

The Committee notes that the terms of reference for the independent report are relatively narrow in that it focuses on the Block Grant Adjustment (BGA) calculation method rather than broader issues with the Fiscal Framework.

As the Committee has not taken specific evidence on the issue it is not in a position to consider the relative merits of different calculation methods.

Nevertheless, the Committee is clear that a key principle must be transparency. It is crucial that interested stakeholders are able to track how funding is transferred from UK to Scottish Government. The current calculation has the advantage of being (relatively) simple. However, other issues around different timings of UK and Scottish budgets, reliance on different forecasting organisations and the time lag from forecast to outturn, contribute to a process that over-all is complex and difficult to follow.

It may well be possible to create a methodology which better reflects demographic differences in the take-up of social security benefits. However, the Committee considers this would likely add considerable complexity, which would be a major disadvantage.

The Committee observes that the discussion paper focuses mainly on tax. On this point the Committee would draw the independent assessors' attention to the fact that most of the issues raised apply equally to social security. It is therefore worth keeping in mind that a BGA calculation that leads to a lower deduction for tax would also lead to a lower addition for social security.

As such the Committee stresses that in considering what might be more advantageous for tax, any changes should be balanced against the risk of detriment to social security funding.

The Committee understands the Scottish Parliament's Finance and Public Administration Committee is also responding.

This consultation response is copied to: Kate Forbes, Cabinet Secretary for Finance and the Economy; Shona Robison, Cabinet Secretary for Social Justice, Housing and Local Government; and Kenneth Gibson MSP, Convener of the Finance and Public Administration Committee, for information.

Yours sincerely



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**Convener**  
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