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Bruce Crawford MSP
Convener of the Devolution
(Further Powers) Committee
Scottish Parliament
Edinburgh
EH99 1SP

Our Ref: SO/SB
Amendments

2 November 2015

Dear Bruce,

I am writing to let you know that the UK Government will be tabling further amendments to the Scotland Bill ahead of its Report and Third Reading in the House of Commons on Monday 9 November. This is another important milestone in bringing forward new powers for Scotland to make the Scottish Parliament one of the most powerful devolved parliaments in the world whilst retaining the strength, security and benefits of being part of the United Kingdom.

The Bill has benefited from thorough consideration by the UK and Scottish Parliaments and I am grateful for the significant contribution of the Devolution (Further Powers) Committee in this regard. I have listened to the debate and, as I said I would in my oral and written evidence to the Committee, I am responding with amendments designed to improve the effectiveness of the legislation and to ensure that the new powers for the Scottish Parliament work as the Smith Agreement intended. I believe the amendments, alongside the significant provisions already within the Scotland Bill, will demonstrate to objective observers that the UK Government is delivering the Smith Agreement in full.

Constitutional amendments

Part 1 of the Bill relates to constitutional arrangements. As I outlined to you in my letter of 18 September, an amendment will strengthen the clause on the permanence of the Scottish Parliament and Scottish Government by including a provision that includes a requirement that the Scottish Parliament and Scottish Government should not be abolished except on the basis of a decision of the people of Scotland. Whilst the UK Government is clear this is a scenario that has never been envisaged, the amendment is intended to make clear that there is absolutely no doubt: Holyrood is here to stay. Additional amendments to Part 1 provide technical refinements to the elections clauses, and ensure the Scottish Parliament will be responsible for the relevant provisions in the Scotland Act 1998

relating to the operation of the Scottish Parliament and Scottish Government.

Welfare amendments

Part 3 of the Bill includes provisions on welfare. The amendments will give further flexibility to the Scottish Parliament on benefits in relation to carers, and will enable the Scottish Parliament to legislate to provide for forms of non-financial assistance with a view to reducing maternity expenses, funeral expenses or expenses for heating in cold weather. There will no longer be a cap on the amount of discretionary financial assistance an individual who is in receipt of a reserved benefit can receive to assist with rental costs. The discretionary financial assistance must still be provided to help the individual with their housing costs and additional spending must be funded by the Scottish Government.

The Smith Agreement stated that Universal Credit will remain a reserved benefit to be administered and delivered by the Department for Work and Pensions, and Scottish Ministers to make decisions about varying the housing costs within Universal Credit for claimants who rent their homes as well as deciding when to pay those housing costs direct to landlords. A co-operative approach between the UK and Scottish Governments will be essential and amendments will clarify the Secretary of State's role in agreeing to Universal Credit regulations that can be laid by Scottish Ministers. One aspect of paragraph 54 of the Smith Agreement relates to the power to create new benefits in devolved areas. A new clause will be tabled to address this.

Additional amendments

The remaining parts of the Bill transfer substantial powers to the Scottish Government and Scottish Ministers. Amendments will be tabled to clarify the approach taken to the devolution of tribunals and to the Crown Estate. In response to feedback from stakeholders the clause on equal opportunities has been amended in order to better set out the powers to be devolved. Other amendments strengthen the delivery of the Smith Agreement on the clauses relating to fuel poverty, onshore oil and gas licencing, consumer advocacy and advice and the Office of Communications and ensure these provisions work effectively. A new clause ensures the destination of Scottish fines, forfeitures and fixed penalties can be made explicit in primary legislation where necessary.

The Smith Commission Agreement outlined a number of areas for further consideration, and the UK and Scottish Governments have taken forward discussions on each of those. As a result of those discussions I am tabling an amendment to devolve abortion policy, as I set out in my letter to you of 14 October. In addition I am tabling amendments to devolve responsibility for welfare foods to the Scottish Parliament.

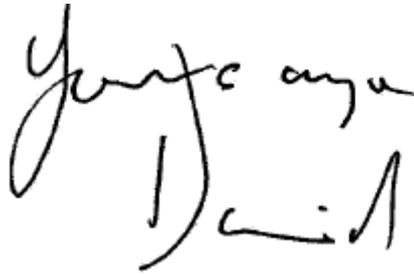
Fiscal framework

The UK Government is working with the Scottish Government to reach agreement in due course on a new fiscal framework, involving constructive discussion around capital borrowing powers, resource borrowing powers and the mechanism to ensure that Scotland sees the benefits and bears the costs of any decisions taken by the Scottish Government.

Next steps

I will table a Written Ministerial Statement in the House of Commons today setting out the Government's proposals to amend the Bill. Once the Committee has had the opportunity to consider the amendments I would be pleased to answer any questions you have. I look forward to an important debate when the Bill returns to the UK Parliament on Monday, and I am confident that the House of Commons will support the amendments I am tabling.

I am copying this letter to the leaders of the parties represented in the Scottish Parliament, and to the representatives who served on the Smith Commission.

A handwritten signature in black ink, appearing to read 'George' on the top line and 'David' on the bottom line, written in a cursive style.

**Rt Hon DAVID MUNDELL MP
SECRETARY OF STATE FOR SCOTLAND**