



## Economy Tourism and Energy Committee

Tuesday 23 June 2026

1<sup>st</sup> Meeting, 2026 (Session 7)

# Devolved and reserved powers

This paper outlines what powers within the Committee's remit are devolved to the Scottish Parliament and reserved to the UK Parliament.

## Economy powers

### Devolved

There are a number of devolved policy levers that the Scottish Government can use to shape Scotland's economy, particularly over the longer-term. These include:

- Economic development policy. This can include:
  - Providing support and advice to businesses, generally delivered via enterprise agencies and Business Gateway. It can also include providing finance and investment to businesses via enterprise agencies and the Scottish National Investment Bank.
  - Support for entrepreneurship. The Scottish Government has sought to stimulate the start-up and scale-up economy, for example through the [Techscaler investment programme](#).
  - Export support. The Scottish Government can support businesses to export, with advice, market research and access to networks. It also promotes Scottish industry internationally through Scottish Development International.
  - Support for innovation. The Scottish Government funds innovation centres, university–industry collaboration in R&D, and programmes to support commercialisation and spin-outs.
  - Enterprise areas and green freeports. Packages of tax reliefs, regulatory exemptions and investment incentives located at various sites across Scotland. These aim to stimulate regional or sectoral economic activity.
  - City Region and Growth Deals. The Scottish Government, UK Government and local authorities have established multi-year funding agreements across Scotland. Through these deals, public authorities co-ordinate investment in regional economies and infrastructure, designed to stimulate regional economic growth. The Scottish

Government has joint oversight of these deals and can choose how much to invest.

- Education and skills policy, including post-school learning and apprenticeships.
- Some business regulations. Regulations across devolved government can have a direct impact on businesses in different sectors. This includes regulations in agriculture, housing, planning, public health, and environmental protection.
- Infrastructure spending. The devolved capital budget in 2026-27 is set to be £7.6 billion, roughly 3.5% of onshore GDP. This funds infrastructure in areas such as transport (roads, rail, ferries, active travel), housing (including affordable housing supply), digital connectivity (such as broadband rollout), and public sector assets such as schools and hospitals.
- Employability services, which are designed to support people furthest from the labour market to access work.
- Some tax powers, including:
  - Income tax powers (specifically, the power to set rates and bands of tax on non-savings non-dividend income).
  - Property taxes, including council tax, non-domestic rates and land and buildings transaction tax.
  - Scottish landfill tax, Scottish aggregates tax, Scottish building safety levy, air departure tax.
  - The ability to legislate for local authorities to impose new local taxes. This approach was used to establish the visitor levy.
- Targeted business tax relief, such as non-domestic rates relief, can be used to support particular sectors.
- Some social security powers, notably over disability and carer benefits but also 'top up' powers that have been used to deliver the Scottish Child Payment for example (a top up payment for some Universal Credit claimants).
- Public procurement. The devolved public sector in Scotland spent £17.5 billion in 2023-24<sup>1</sup> procuring goods and services.

## Reserved

The major economic policy powers are reserved to the UK Parliament. These include:

---

<sup>1</sup> [Procurement activity: annual report 2023 to 2024 - gov.scot](https://www.gov.scot/publications/procurement-activity-annual-report-2023-to-2024/pages/11.aspx)

- Monetary policy, such as setting interest rates and issuing currency.
- Most taxation powers, including VAT, corporation tax, fuel duties and National Insurance contributions.
- Fiscal policy and the ability to borrow at scale.
- Employment law, including workers' rights, trade union law and most aspects of workplace regulation.
- International trade policy, including trade agreements, tariffs and trade remedies.
- Competition, financial services and wider market regulation, which shape how key sectors of the economy operate across the UK.
- Company law and corporate governance.

## **Tourism powers**

### **Devolved**

Devolved powers specifically related to tourism include:

- Designing the [national tourism strategy](#).
- The promotion and development of Scotland as a tourist destination, typically delivered through the national tourist board, VisitScotland. VisitScotland receives funding from the Scottish Government.
- Developing tourism infrastructure.
- Co-ordinating public sector oversight of major events, such as the Commonwealth Games 2026.
- Giving local authorities the power to introduce taxes, such as the visitor levy and proposed cruise ship levy.

The Scottish Government can also use other powers that affect the tourism sector, such as non-domestic rates policy, economic development powers, transport, and planning.

In 2027, the Scottish Government will administer air departure tax in Scotland, which will affect the cost of using Scottish airports.

### **Reserved**

- Immigration, visas and border control.
- Tax powers, notably VAT and employer National Insurance contributions.

- Foreign affairs and international relations.
- Monetary policy (a weaker pound makes Scottish tourism makes more internationally competitive).
- Air transport regulation.
- Employment law (minimum wage is particularly relevant to the tourism sector, where jobs are low paid on average).

## Energy powers

The Scotland Act 1998 lists what is reserved to the UK Government rather than what is devolved to the Scottish Government. In [Schedule 5 of the Act](#), under Head D - Energy, there is a section on Electricity, Oil & Gas, Nuclear etc.

The [Scotland Act 2016](#) devolved some further powers in [relation to energy](#); including the management of licences to exploit onshore oil and gas resources in Scotland (section 47-49), some minor powers over energy supplier obligations and energy efficiency schemes (58-60) and a consultative role with respect to renewable electricity incentives and the regulator (61). Under section 66 the Gas and Electricity Market Authority can be compelled to appear before the Scottish Parliament. The 2016 Act also allowed the devolution of a Crown Estate Scotland.

Officially, the Scottish Parliament website states that '[most aspects](#)' of energy are considered reserved. Energy matters are '[notoriously complex](#)' from a devolution perspective, with a mix of powers that are reserved (e.g. offshore oil and gas) and devolved (most planning matters). There are areas where the two combine e.g. planning controls (devolved) over potential sites for nuclear activity and then the licencing of nuclear sites (reserved). There are also topics within reserved matters where powers have been delegated to Scottish Ministers e.g. consent for many individual projects under the [Electricity Act 1989](#).

Below some more information is presented on some key areas.

### Devolved

- **Onshore oil and gas licencing** ([devolved in 2018](#)): an example is that the Scottish Government has a [policy of no support](#) for the development of unconventional oil and gas in Scotland.
- **Planning and consenting**: arguably the most critical energy policy lever in Scotland is Scottish Ministers' control over planning and consenting. Scottish Ministers [decide on applications](#) to build, operate or modify onshore electricity generating stations over 50 megawatts (MW), such as wind, solar, battery and hydropower. Ministers also decide applications on overhead power lines, large oil and gas pipelines, and related infrastructure. These decisions are administered by the [Energy Consents Unit](#) (ECU) on behalf of Scottish Ministers. Currently, the Cabinet Secretary for Public Service Reform

has [responsibility for energy consents](#).

- Changes to the current approval procedures for electricity infrastructure projects have been made possible by the UK [Planning and Infrastructure Act 2025](#). Possible areas of forthcoming secondary legislation include [pre-application procedures and time limits within the process](#).
- Applications for smaller onshore stations (50 MW or under) are decided by the **local planning authority**. The Scottish Government [recently held a consultation](#) on increasing the 50MW threshold. The consultation closed in March 2026.
- **Offshore:** Marine planning matters in Scotland's inshore waters (up to 12 nautical miles from the shore) are [almost all devolved](#). They are governed by the [Marine \(Scotland\) Act 2010](#), an Act of the Scottish Parliament.
- For offshore waters (i.e. more than 12 nautical miles from the shore or baseline), the general position is that the UK Parliament legislates for Scotland (via the [Marine and Coastal Access Act 2009](#), an Act of the UK Parliament). There are, however, certain matters in this area not involving oil and gas, defence or pollution from ships that [have been devolved](#). For example, Crown Estate Scotland auctioned option agreements for ScotWind, for areas in both the [inshore and offshore waters](#).
- Their control of planning and consenting allows the Scottish Government to have a policy of opposing the building of **new nuclear power plants** in Scotland. Radioactive waste is [a devolved issue](#), and is regulated and managed by the [Scottish Environment Protection Agency \(SEPA\)](#).
- **Funding support for energy technologies:** in recent years the Scottish Government have committed funds to technologies such as carbon capture and storage and those for hydrogen production, via a [Emerging Energy Technologies Fund](#). There are also Scottish specific subsidy support scheme, for example for [low carbon heating technologies](#).

## Reserved

- **Offshore oil and gas licensing** is reserved to [the UK Government](#).
- **Regulation of electricity and gas networks** is a [reserved matter](#), including regulation of the companies that own and operate the electricity and gas networks grid and the structure of the electricity and gas market and consumer pricing controls. The regulator is OfGEM (Office for Gas and Electricity Markets), which has a board known as the Gas and Electricity Markets Authority (GEMA) with [board members chosen by](#) the Secretary of

State for the Dept of Energy Security and Net Zero (DESNZ).

- Licensing for nuclear power sites comes from the UK-wide [Office for Nuclear Regulation](#).
- **Energy markets:** including the sale of electricity and gas to households and businesses, and taxes on the production of oil and gas. For example, the recent review of electricity market arrangements (REMA) was led by the UK Government. At the UK level, the Government are working 'in partnership' with National Energy System Operator (NESO) to deliver the Strategic Spatial Energy Plan (SSEP) [by Autumn 2027](#), and with Ofgem on review of Transmission Network Use of System (TNUoS) charges ([due in 2029](#)). More information on the different [components of electricity and gas bills](#) comes from the National Endowment for Science Technology and the Arts (NESTA) the [current taxation regime](#) on North Sea oil and gas from the House of Commons Library.

**Thursday 18 June 2026**

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.  
The Scottish Parliament, Edinburgh, EH99 1SP [www.parliament.scot](http://www.parliament.scot)