



The Scottish Parliament
Pàrlamaid na h-Alba

Finance Committee

Lady Susan Rice,
Scottish Fiscal Commission,
By email

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5 February 2015

Dear Susan,

Finance Committee Inquiry: Scotland's Fiscal Framework

The Committee has agreed to undertake an inquiry examining the proposals for a fiscal framework set out in Chapter 2 of the UK Government command paper: *Scotland in the United Kingdom: An enduring settlement*.¹

A call for written evidence including a set of questions has been published on the Committee's website². A copy is attached for information and the deadline for responses is Friday 17 April.

The Committee would welcome a response from the Scottish Fiscal Commission.

Yours sincerely,

**Kenneth Gibson MSP,
Convener**

¹ <https://www.gov.uk/government/publications/scotland-in-the-united-kingdom-an-enduring-settlement>

² <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/86485.aspx>

SCOTTISH PARLIAMENT FINANCE COMMITTEE

Scotland's Fiscal Framework – Call for Evidence

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, consistent with the overall UK fiscal framework.” Chapter 2 of the UK Government command paper, *Scotland in the United Kingdom: An enduring settlement*, “is intended as the start of a process to develop a suitably robust and coherent framework.”

The Finance Committee would welcome views on the proposals in Chapter 2, including –

- What needs to be included within a revised funding framework for Scotland and how do we ensure that it is fair, transparent, effective and mechanical rather than requiring regular negotiations?
- What fiscal rules should be applied in order to ensure fiscal responsibility and debt sustainability?
- What mechanisms are required to ensure the transparency and effective scrutiny of how the block grant is calculated including the operation of the Barnett formula?
- What mechanisms are required to ensure the transparency and effective scrutiny of adjustments to the block grant to reflect the tax revenues foregone by the UK Government?
- What mechanisms are required to ensure the effective working of the “no detriment” principle?
- What additional borrowing powers for current spending and for capital spending should the Scottish Government have?
- What fiscal rules should be applied to these additional borrowing powers?
- How should inter-governmental machinery including the Joint Exchequer Committee be strengthened and made more transparent?
- What mechanisms should there be for reviewing the Statement of Funding Policy?
- What should be the role and remit of an enhanced Scottish Fiscal Commission and who should be responsible for generating the economic and fiscal forecasts?
- What lessons can we learn from the experience of other fiscal federations?

How to submit your evidence

The closing date for responses is **Friday 17 April 2015**. All responses should be sent electronically to finance.committee@scottish.parliament.uk. Written responses will be handled in accordance with the Parliament's [policy for handling written evidence received in response to calls for evidence](#). All written evidence received may be published by the Parliament and will be treated as a public document. If you wish to submit evidence in confidence or anonymously please read the policy at the link above.

What happens next?

The Committee will be holding oral evidence sessions in April and May and you may be invited to attend to discuss the issues raised in your submission. The Committee will aim to publish a report on its findings prior to the end of June.

Contact

Should you require alternative formats of this information or further assistance in making a written submission to the Committee, please do not hesitate to contact the clerking team of the Committee via the email address above or by telephone on 0131 348 5451.