

CHECK AGAINST DELIVERY

Scotland's Future in the United Kingdom

Statement by the Secretary of State for Scotland

House of Commons, Wednesday 25 November 2009

Mr Speaker, with permission I would like to make a statement on Government plans about devolution in Scotland – for a stronger Scotland in a stronger United Kingdom.

Devolution has proved itself to be the right form of governance for Scotland. Scots know that as part of the United Kingdom we have the best of both worlds. Firstly, Scots are proud of the Scottish Parliament and the way it allows them to find what the late Donald Dewar called, 'Scottish solutions to Scottish problems'.

Secondly, the economic events of the past year demonstrate again the added strength of being part of the UK, the fifth largest economy in the world. While Britain brings strength to Scotland, Scotland brings breadth to Britain.

The White Paper that we are publishing today takes forward recommendations from the Final Report of the Commission on Scottish Devolution and again I would like to put on record our thanks to Sir Kenneth Calman and his Commissioners.

On 15 June, I welcomed the Commission's report on behalf of the Government. I pledged to take the recommendations forward, with consensus and momentum. That is why we established a cross-party steering group and I also thank representatives of Labour, Liberal Democrats and Conservatives in the Commons and the Scottish Parliament for working together.

The Commission concluded that devolution has been a 'remarkable and substantial success'. It brings government closer to the people and secures Scotland's position within the United Kingdom.

And in order to refresh the settlement, they made recommendations in three distinct areas.

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Firstly, that closer working was needed between the UK Parliament and the Scottish Parliament; and between the UK Government and the Scottish Government.

Secondly, that a new, more accountable, means of financing devolved spending in Scotland was needed, to strengthen the financial accountability of the Scottish Parliament.

Thirdly, that while the division of responsibilities between the UK Parliament and the Scottish Parliament works well, some changes could be made in both directions to further strengthen the devolution settlement.

The Government agrees with the Commission's conclusions, which were based on a wealth of evidence.

Turning to the first set of recommendations - Mr Speaker, Scotland has two Parliaments – this Parliament, which remains an important symbol of the UK, and which continues to have vital daily relevance to Scotland; and the Scottish Parliament at Holyrood, which has firmly established itself over the last decade in Scottish hearts and minds.

The Commission recommended that the two Parliaments should examine how they work together, in the interests of Scotland and of the UK. Many of these recommendations are firstly a matter for you, Mr Speaker, and for the Presiding Officer in the Scottish Parliament and I've had the opportunity to meet with you both separately.

The core of the Commission's recommendations concern the funding for Scotland. Under this Government, public spending across the UK has increased, in real terms, by 42% in the decade after 1997. The Barnett formula meant that Scotland got the same amount per head increase over this period. The Commission recognised the benefits of this funding mechanism and how it had given the Scottish Parliament a good start.

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But ten years on, the Commission recommended a New Deal on Funding - retaining the stability and fairness of the block grant, while improving accountability.

Since the first day of devolution, the Scottish Government has been accountable for how it spends taxpayers' money. Under today's proposals, they will also be held to account for how they raise it. We will give the Scottish Parliament greater freedom – but also the responsibility – to set the level of income tax in Scotland.

In future, the size of Scotland's budget will be down to decisions made in Scotland. In addition to new tax powers, we will also give the Scottish Parliament new powers and responsibilities on capital borrowing.

We will also devolve stamp duty land tax, aggregates levy, and landfill tax, and will keep the Commission's recommendation about Air Passenger Duty under review.

So while we rightly celebrate the strength that the Union of the United Kingdom provides, that unity doesn't mean uniformity. So in addition to a New Deal on Funding, we also agree in principle to devolve new powers to the Scottish Government and the Scottish Parliament.

On the power to regulate air-weapons, the Government has always kept controls on air weapons under close scrutiny. And there are encouraging signs that recent changes are having an effect. But the Government agrees in principle to devolve the regulation of air weapons to the Scottish Parliament.

We will also devolve the power to set the drink-drive limit. We believe that there are benefits in having a single drink-drive limit in place across Great Britain, but there are no overwhelming reasons why the limit should not be devolved.

Additionally, the Government will ensure that Scottish Ministers have the powers they need to determine the national speed limit in Scotland, along with their existing broad powers to determine speed limits.

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Elsewhere, we will take the opportunity, as the Commission recommended, to reserve powers to the UK Parliament where experience has shown that a common approach across Britain or the UK works better. So, for example, we will reserve the regulation of all health care professions to ensure a consistent regulatory regime across the country.

The full package of proposals is set out in the White Paper.

We will continue to take our plans forward with consensus and momentum. We will introduce a Scotland Bill as soon as possible in the next Parliament to introduce the Calman package. We will phase in the new financial arrangements carefully. We plan to have the changes in place during the next term of the Scottish Parliament.

Mr Speaker, support for Scottish devolution remains strong, in Scotland and elsewhere in the UK. And so does support for the Union.

The plans which the Government is setting out today will create a stronger, more accountable Scottish Parliament within the framework of the United Kingdom. Strength through unity is such an asset - today is an important step in building a stronger Scotland and a New Deal for Devolution.

I commend this statement to the House.