



The Scottish Parliament
Pàrlamaid na h-Alba

Finance and Public Administration Committee

Shona Robison MSP
Deputy First Minister and Cabinet
Secretary for Finance
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By email:

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Dear Deputy First Minister

Levelling Up and Regeneration Bill – Part 1

The Finance and Public Administration Committee has a key role in examining the public finances in Scotland, as well as the overall context within which spending decisions are being taken. As such, we have undertaken scrutiny of the replacements for EU funding including the UK Shared Prosperity Fund and the Levelling Up Fund.

Of particular interest is how effectively these funds will be spent in Scotland, the outcomes they will achieve, as well as their impact on the Scottish Government's spending plans. As the former Cabinet Secretary for Finance and the Economy explained to us on 31 August 2021 it is "extremely difficult to determine how to use our limited capital funding as far as we can for hospital projects, roads and schools when the UK Government is making decisions about capital spend that we are not sighted on."

Following evidence from the Secretary of State for Levelling Up, Housing and Communities on 24 February 2022, the Committee [wrote to the Chairs of the House of Commons Levelling Up and Regeneration Bill Committee](#) on 6 October 2022 updating it on the work that FPAC has been undertaking. The Committee also agreed to draw that Committee's attention to the Finance and Public Administration Committee's ongoing interest in these funds, and "to our interest in a more formal reporting role to the Scottish Parliament, given the provisions of Part 1 of the [Levelling Up and Regeneration] Bill." We also note that the Public Audit Committee has also been corresponding with the Scottish Government and Audit Scotland on future audit and accountability arrangements for replacement EU funding.

The Levelling Up and Regeneration Bill (“the Bill”) was introduced into the UK Parliament on 11 May 2022. Part 1 of that Bill provides for the setting of levelling-up missions and reporting on progress in delivering them. The UK Government explained that whilst this part extends and applies to Scotland the legislative consent motion process is not engaged “Since these duties apply to inequalities across the UK as a whole this does not relate to the legislative competence of the Northern Ireland Assembly, the Scottish Parliament or Senedd Cymru (Explanatory Notes, paragraph 1539).”

We note that on 27 July 2022 the Scottish Government lodged a [legislative consent memorandum](#) in the Scottish Parliament in which it disagreed with the UK Government’s position on Part 1 explaining that “However, in substance these provisions will, and are intended to, provide a legislative framework to underpin a role for UK Ministers in devolved areas. Statements on the levelling-up missions would include matters within the devolved competence of the Scottish Parliament. These provisions are made for the purposes of education, health, housing and justice which are within the legislative competence of the Scottish Parliament.”

In July 2023, the House of Lords agreed UK Government amendments to Part 1 of the Bill which provide for UK Ministers to “have regard to” any role of the devolved legislatures and devolved authorities (and carry out consultation, as the Minister considers appropriate, with the devolved authorities) in relation to:

- Preparation of the levelling-up missions in the statement, and any reviews of those statements; and
- Changes to mission progress methodology and metrics or target dates.

We also note that these amendments provide for Scottish Ministers to be consulted by UK Ministers in preparing annual reports on the delivery of the levelling-up missions.

On 11 October 2023 the Scottish Government [lodged a supplementary LCM laid](#) in the Scottish Parliament which restates that it disagrees with the UK Government’s position that Part 1 does not require a LCM for the same reasons as given above. In addition you explain that you do not consider that the amendments to Part 1 “go far enough to ameliorate constitutional concerns noted in the previous memorandum” and recommend that consent is withheld to Part 1.

We note the different views of the UK Government and Scottish Government on whether Part 1 of the Bill triggers the LCM process and the Scottish Government’s recommendation to withhold consent. However, should the Bill be passed by the UK Parliament with Part 1 amended as above, we seek your commitment to work with the Scottish Parliament to agree a formal and meaningful role by which the Parliament and relevant Committees can be consulted by the Scottish Government (and in advance of it finalising any consultation response) on:

- the levelling-up missions in any statement being prepared;

- any reviews of those statements; and
- any proposals for changes to mission progress methodology and metrics or target dates.

Agreement on such a role is vital if Parliament is to deliver on the intentions of the agreed amendments to the Bill and to fulfil its governance and accountability roles as described in the Scottish Government's LCM in July 2022.

In order to support Parliamentary scrutiny the Committee also seeks your confirmation that the above discussions also includes how the Scottish Government will provide the Parliament with:

- any subsequent consultation responses from the Scottish Government to the UK Government in relation to Part 1 of the Bill and
- the annual report on the delivery of levelling up missions (the preparation of which the Scottish Government is consulted on).

In the supplementary LCM you explain that "No consultation has been conducted on the provisions as they relate to Scotland as outlined in this LCM." We would therefore also welcome clarification of what discussions you have had with the UK Government regarding its amendments to Part 1 of the Bill (which relate to the Scottish Parliament and Scottish Government) both before and after they were agreed by the House of Lords.

The Scottish Parliament has agreed to consider the Scottish Government's LCM motion for this Bill at its meeting on Tuesday 24 October. We therefore seek a response from you by close of play on Friday 20 October in order that the Government's response can inform the Parliament's decision.

Finally we note that the amendments provide that in relation to the statement of levelling-up missions, UK Ministers also require to prepare a document setting out how they have complied with the duty to have regard to any role of the Scottish Parliament and the Scottish Government. That document is then also laid before the UK Parliament. As you will be aware the Secretary of State for Levelling Up, Housing and Communities has committed to speak with the Finance and Public Administration Committee at a meeting this year. Given this new duty in the Bill, we will also seek clarification from him of how the UK Government proposes to discharge that duty, particularly given the views of the Scottish Government on Part 1 of the Bill.

Should you or your officials have any queries or wish to discuss this further, then please do not hesitate to contact the clerks to the Committee.

Yours sincerely

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee