GOVERNMENT WHIPS' OFFICE
HOUSE OF LORDS
LONDON SW1A 0PW

BARONESS WILLIAMS OF TRAFFORD
BARONESS IN WAITING
020-7219 3778

Telephone 020-7219 3131
www.lordswhips.org.uk
holgovernmentwhips@parliament.uk

26th March 2015

Dear Barbara,

I am writing in response to questions raised by peers during Wednesday's debate on the Oral Question regarding progress made on devolution of services and powers in England; and asking what work has been done to provide a basis for a future government to advance that agenda.

A number of my noble Lords raised concerns about the Barnett formula and its impact on funding levels for different areas, asking whether Government is considering a revision or abolition of the Barnett formula.

The Barnett Formula only determines the changes in funding allocated to the devolved administrations relative to changes to Whitehall departments' budgets. The leaders of the three main UK-wide parties have confirmed that the Barnett Formula will continue.

As I mentioned during the debate, with further devolution of various tax and borrowing powers to Scotland, Wales and Northern Ireland, the Barnett Formula will decrease in importance as the devolved administrations will be responsible for increasing amounts of their funding.

Once the new settlement for Scotland is operational, the Scottish Parliament will be responsible for more than 50% of its funding, with the Barnett-based block grant providing around 35% of the Scottish Government's funding. When the Wales Act 2014 is fully implemented, the Welsh Assembly will be responsible for 25% of its funding, subject to a referendum on income tax. Changes in the Scottish and Welsh administrations' funding will be increasingly determined by changes in Scottish or Welsh tax rather than the application of the Barnett Formula, thus giving them greater responsibility, accountability and autonomy.

I hope that this clarification is helpful. I will place a copy of this letter in the library of the House.

Yours ever, Susan

BARONESS WILLIAMS OF TRAFFORD

Baroness Janke
House of Lords