



## SCOTLAND OFFICE

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3<sup>rd</sup> February 2016

My Lords,

I am writing to update you on the work of the Joint Exchequer Committee for Scotland (comprising the UK and Scottish Governments), which met on 1<sup>st</sup> February. The meeting took place in London between John Swinney, the Deputy First Minister and Cabinet Secretary for Finance in the Scottish Government, and the Chief Secretary to the Treasury, who leads the negotiations for the UK Government.

This was the 8<sup>th</sup> meeting of the JEC (Scotland) to discuss the Fiscal Framework, and the third in 2016; the others having been held on:

- 7<sup>th</sup> July 2015 – in London
- 4<sup>th</sup> September – in Edinburgh
- 23<sup>rd</sup> September – in London
- 9<sup>th</sup> October – in Edinburgh
- 7<sup>th</sup> December – in London
- 8<sup>th</sup> January 2016 – in Edinburgh
- 21<sup>st</sup> January – in London

This meeting was the second consecutive meeting to be held in London, by mutual consent. As with each of these meetings, a communiqué was agreed and issued by both Governments after the meeting: this is attached and has been published online.

The meeting focussed on discussing the methodologies available for adjusting the Scottish Government's block grant to take account of tax and welfare devolution under the Scotland Bill. The meeting built on the joint working and analysis for previous sessions of the Committee.

The Government is committed to delivering a fiscal framework and is conducting these negotiations in good faith. As such I do not believe the absence of the fiscal framework prevents the UK Parliament considering the important provisions of the Bill which gives effect to the UK Government's commitment to deliver the Smith Commission Agreement. However, I also recognise the importance of your Lordships being able to fulfil the House's scrutiny functions and having as much information as possible when considering the provisions in the Bill. To this end the Business Managers and usual channels have agreed to postpone the final day in Committee on the bill to Monday 22 February to allow more time for negotiations between the Scottish and UK Governments to progress.

As always, I remain open and willing to meet with interested Peers who would like to discuss these issues further.

I am placing this note and the attached communiqué in libraries of both Houses, and copying this to the Chief Secretary to the Treasury and the Secretary of State for Scotland as well as the Chairs of the Economic Affairs and Constitution Committee and noble Lords who spoke on this issue at Second Reading of the Scotland Bill.

Yours Sincerely  
Andrew Dunlop.

**LORD DUNLOP**  
**PARLIAMENTARY UNDER SECRETARY OF STATE FOR SCOTLAND**

**JOINT EXCHEQUER COMMITTEE – 1 FEBRUARY 2016**

The Joint Exchequer Committee met in London today, chaired by John Swinney, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy. HM Treasury was represented by Rt Hon Greg Hands MP, Chief Secretary to the Treasury.

This was the eighth meeting of the JEC since the publication of the Smith Commission report. The Ministers continued their discussion on the indexation methodologies for the Block Grant Adjustments.

Both Ministers agreed to meet next week with the objective of reaching agreement on the fiscal framework.

**UK and Scottish Governments  
February 2016**