



The Rt Hon. the Lord Bruce of Bennachie  
House of Lords  
London  
SW1A 0PW

23 October 2024

Dear Lord Bruce,

### **Question raised in Grand Committee**

I am writing to you in my capacity as Lords Spokesperson for the Scotland Office.

Thank you for your contribution to the debate on the Social Security (Scotland) Act 2018 (Disability Assistance) (Consequential Modifications) Order 2024. As I agreed to in the debate, I am writing to you in regards to your question on what happens should the Scottish Government underspend on social security benefits. I would also like to take this opportunity to develop further on the question of divergence raised in the debate by Lord Cameron.

#### Block Grant

Under the updated Fiscal Framework agreed in 2023 between the UK and Scottish Governments, the UK Government adjusts the Scottish Government block grant funding to account for tax devolution. The block grant adjustment for tax devolution reduces Scottish Government block grant funding to account for UK Government tax revenue foregone due to devolution. The Scottish Governments then retain devolved tax revenues generated in their respective nations. For the Scottish Government, there is also a welfare block grant adjustment which increases Scottish Government block grant funding to account for UK Government expenditure in Scotland which is no longer required as the Scottish Government now funds devolved welfare policy. Reconciliations (i.e. changes) to the block grant adjustments are a normal part of operating the Fiscal Framework and ensures the Scottish Government's funding is based on actual revenues and expenditure, rather than forecasts.

#### Divergence

It is of course for each Government to decide how their benefits are designed. While Pension Age Disability Payment operates on broadly the same terms as Attendance Allowance, it is a sensible and pragmatic means to use this benefit to identify those who qualify for the appropriate additional payments and treatments in the reserved system. We will keep the arrangement under review and, should in the future Pension Age Disability Payment diverge significantly from Attendance Allowance, it would be for UKG to consider how to identify those people in Scotland who would be eligible for such additional support in the reserved system.

As I stated when closing the debate, I look forward to working with you on the Scotland Act Order program. Delivering Scotland Act Orders is vital to make devolution work and it is right they are robustly scrutinised by peers.

I am copying this letter to The Lord Cameron of Lochiel. A copy of this letter will be placed in the Library.

A handwritten signature in black ink that reads "Ruth Anderson". The signature is written in a cursive style with a large, looping initial "R".

**BARONESS ANDERSON OF STOKE-ON-TRENT  
LORDS SPOKESPERSON FOR THE SCOTLAND OFFICE**