

2024 GENERAL ELECTION BRIEF

Devolution

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The General Election in a devolved context

The General Election campaign is traditionally where political parties set out their stall for voters, laying out their priorities and the policies they intend to enact if they come into power.

But devolution means it's not always easy to tell if the proposals apply to Scotland directly. For most areas of service delivery, responsibility lies with the Scottish Parliament, for which there are separate elections.

How can I tell if a policy would apply in Scotland?

We have produced a [handy flowchart](#) to help with understanding whether a policy announced is in a devolved or reserved area, or somewhere in-between. Of course, it's all quite complicated, but a good principle is that matters are devolved unless they are explicitly reserved. The Scottish Parliament has a [comprehensive list](#) of devolved, partially devolved and reserved matters.

In broad terms:

- Most public service delivery areas - health, social care, most education, housing, planning, local government, justice, rural affairs, intra-Scotland transport and nearly all policing - are **devolved**, which means that General Election policy announcements will not take effect in Scotland. But if

they lead to changes in spending - for example, if they mean more money to fund a particular scheme - it will lead to further funding for the Scottish Government through the Barnett Formula.

- Tax, social security, energy, economic development and employability are **partially devolved**. So whether or not the announcement applies in Scotland depends on specifics. For tax, benefits and energy policy, these are well-defined: for example, rates on non-savings, non-dividend income tax are clearly devolved, but the personal allowance is reserved. Other areas such as economic development and employability, the lines are less clear-cut.
- Foreign affairs, defence, immigration, trade and employment law are **reserved** matters, meaning that UK Parliament legislation applies to Scotland in the same as it does in England (or England and Wales in some cases).

Note that devolution settlements are highly nation-specific in the UK; the above reflects Scotland's settlement, but as you'll see below, that doesn't mean it is automatically mirrored in the other constituent countries.

The Block Grant and the Barnett Formula

The Scottish Government - as indeed all other devolved governments - has ultimate authority in the allocation of the amounts of money designated for public services across the UK. To execute this authority, the Scottish Government therefore receives a transfer every year of the relevant amount of money from the Treasury, known as the Block Grant.

The Block Grant is determined by a mechanic formula, known as the Barnett Formula after Joel Barnett - then Chief Secretary to the Treasury when it was introduced in 1978 in the run-up to the 1979 Devolution referendums.

The Barnett Formula takes the previous year's block grant as the starting point, and then adds to it changes to spending plans using the following factors:

Change in UK Government departmental spending	x	Comparability factor	x	Population proportion
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Source: *HM Treasury*

The proportion of the population comes from the ONS's population estimates - at the moment, Scotland's is 9.67% of England's population. Scotland also has no additional floors of abatements, making it the simplest of the Barnett formulas across devolved nations.

The comparability factors are published in the Treasury's annual [Statement of Funding Policy](#), and are reproduced below:

Table 1: Comparability factors for each UK Government department

Department	Scotland	Wales	Northern Ireland
Levelling Up, Housing and Communities	100%	100%	100%
Education	100%	100%	100%
Health and Social Care	100%	100%	100%
Justice	100%	1%	100%
Law Officers' Departments	98%	0%	90%
Environment, Food and Rural Affairs	97%	97%	97%
Transport	92%	37%	95%
Culture, Media and Sport	83%	83%	83%
Home Office	83%	2%	83%
Work and Pensions	20%	0%	98%
Business and Trade	11%	10%	13%
Science, Innovation and Technology	7%	7%	7%
Revenue and Customs	4%	4%	3%
Energy Security and Net Zero	3%	3%	3%
Cabinet Office	0%	0%	0%
Treasury	0%	0%	0%

Source: *HM Treasury*

The formula has withstood the test of time, and a great strength is its simplicity - it gives devolved governments quite a lot of certainty over what funding to expect (even if there have been a couple of arguments about its application).

On the other hand, the formula ignores the question of whether the funding in previous years was appropriate to begin with, and so it bakes in previous differences in identifiable spending between nations.

Not only that, but the funding from previous years is taken at an aggregate rather than per person level, meaning it doesn't respond quickly to population changes. Given that England's population has been growing more quickly than that of the devolved nations, spending on a per person basis in Scotland, Wales and Northern Ireland has also gone up relative to England's.

Levels of public spending in Scotland

£14,426

Total identifiable expenditure per person in Scotland in 2022-23

115%

of the UK average of identifiable expenditure per person in 2022-23

£20,137

Total expenditure per person in Scotland in 2022-23 (including population share of non-regional spending)

110%

of the UK average of total expenditure per person in 2022-23

Source: FAI analysis of HM Treasury Country and Regional Analysis, Public Expenditure Statistical Analyses; ONS Country and regional public sector finances; ONS, NRS and NISRA population estimates; and Scottish Government's GERS.

Notes: We have calculated these figures using the latest CRA data and the latest population data and projections, and therefore per person figures will vary slightly from the published GERS data. The largest components of non-regional spending are national defence and public sector debt interest.

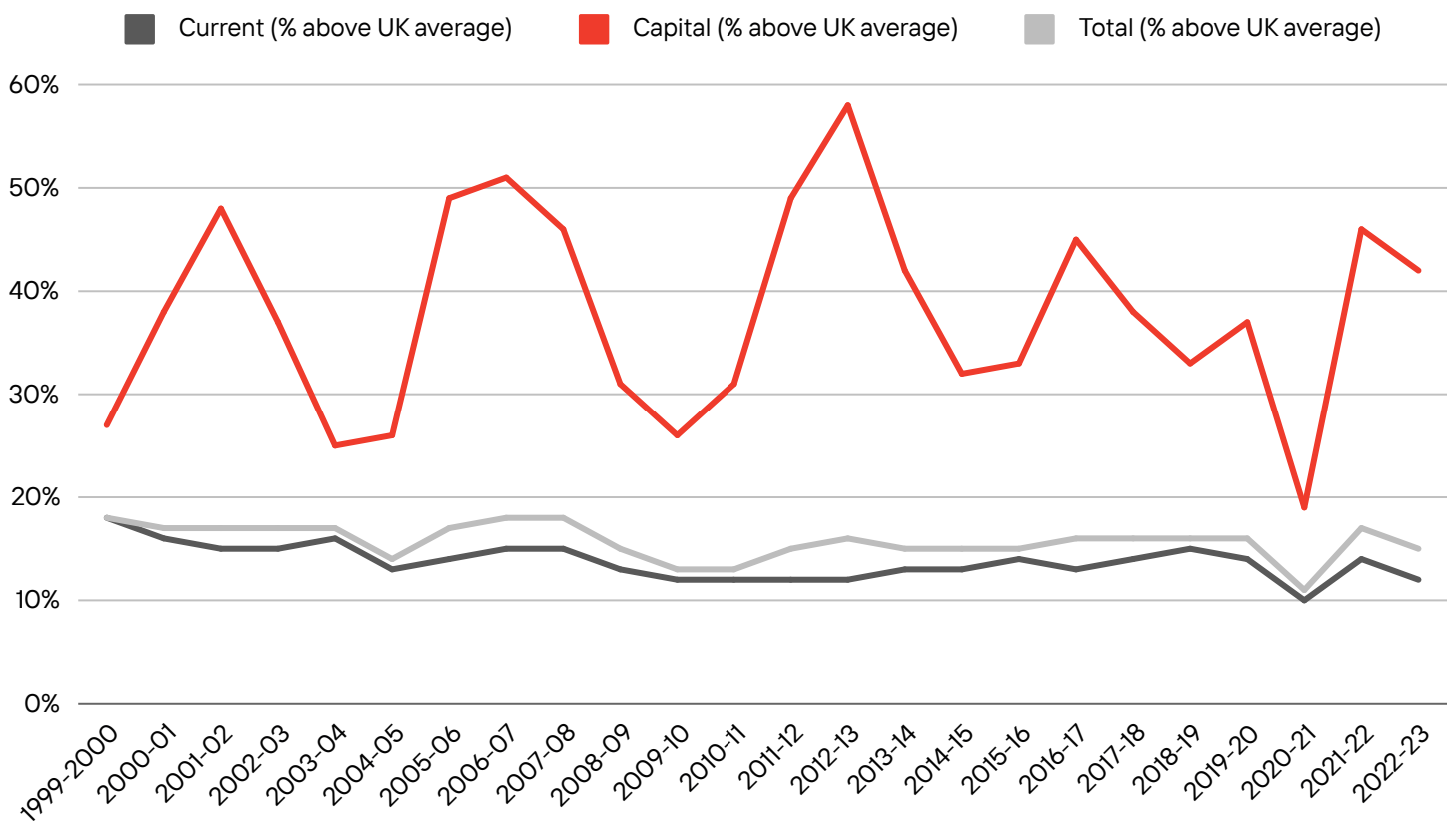
Every year, the Scottish Government publishes [Government Expenditure and Revenue Scotland](#), or GERS for short - a National Statistics publication aiming at enhancing public understanding of fiscal issues in Scotland. GERS is conducted on the same basis as the Treasury's [Country and Regional Analysis](#) (CRA), which breaks down public spending for English regions and the devolved nations.

Many debates and myths surround these data - we have a handy [guide](#) debunking many of those myths - but GERS and CRA are high-quality publications that provide important information about public sector spending in the UK's current constitutional context.

In terms of identifiable spending - that is, spending which can directly be assigned to a particular place in the UK - Scotland is above the UK average, at £14,426 per person in 2022-23, the latest year for which data is available. This is 15% (c.£1,900) higher than the UK average, and just below the 15.2% above the UK average registered in Northern Ireland. For completeness, Wales is 11.3% above the UK average and England 2.6% below.

Differences in levels of spending across components parts of a country are, of course, a natural part of the organisation of a sovereign state.

Chart 1: Current and capital identifiable spending per person in Scotland above the UK average



Source: FAI analysis of HM Treasury Country and Regional Analysis, Public Expenditure Statistical Analyses; ONS Country and regional public sector finances; ONS, NRS and NISRA population estimates; and Scottish Government’s GERS.

Looking at the differences at the current and capital spending level reveals some interesting patterns, and reflects particularly the vastness of Scotland’s area and the low population density away from the Central Belt. This obviously affects capital spending - for example, connecting roads on a per person basis are much longer, and therefore more expensive. But it also affects current spending - for example, health care delivery (and many other public services) is more expensive in a more sparsely populated areas like the Highlands and Islands.

Devolution until now and going forward

Since 1999, the Scottish Parliament has been granted an expanded set of powers. According to the latest GERS figures, devolved expenditure accounts for 59% of all expenditure in and on behalf of Scotland, and implemented devolved revenues account for 27% of non-North Sea revenues raised in Scotland.

On top of the spending powers devolved in 1999, major devolved powers include:

- Non-savings, non-dividend income tax - the form of income tax paid by the vast majority of people in Scotland. The personal allowance remains reserved, but devolution includes the power to set tax rates and bands, which the Scottish Government has used since 2018-19;
- Some social security benefits, including disability benefits. The Scottish Government has replaced GB-wide benefits such as Disability Living Allowance and Personal Independence Payment with Child Disability Payment and Adult Disability Payment, which have different rules. There are also benefits such as Scottish Child Payment which have no equivalent in the rest of the UK; and
- The power to borrow for capital expenditure, up to an annual maximum of £458m in 2024-25 and a cumulative cap of £3,050m, as part of the Fiscal Framework Agreement (last updated in 2023).

Areas to look out for in the campaign and going forward

Despite the general movement towards further devolution since 1999, there have recently been some areas of the constitutional arrangement that have caused controversy, especially in terms of their interaction with Acts of the UK Parliament passed subsequent to the Scotland Act 2016.

Last year, the UK Government refused to grant an exclusion from the **UK Internal Market Act** (UKIMA) for the purposes of the deposit return scheme. The UKIMA is closely related with the Northern Ireland Protocol and post-Brexit trading arrangements, and its passage has put some restrictions on the extent to which devolved government can regulate economic activity. It will be of interest to see whether any of the parties have any proposals as to how the UKIMA will continue to interact with devolved parliaments' competencies.

Another area of constitutional importance will be the **future of devolution across the UK**. In 2022, the Labour Party's Commission on the UK's Future, led by former Prime Minister Gordon Brown, proposed a number of changes to the constitutional settlement, including further devolution of powers and constitutional protections for the Scottish and Welsh Parliaments and an Assembly of the Nations and Regions to replace the House of Lords.

At the time, Sir Keir Starmer promised (in his words) "the biggest ever transfer of power from Westminster to the British people," including the commitment to abolish the Lords and replace it with the Brown proposal of an elected upper chamber. Since then, however, there has been little in the way of further detail, and we'll await the manifesto to see if these ambitious constitutional changes make it.

Our next event

Fraser of Allander Institute General Election Webinar Special Guest - Professor Sir John Curtice

Friday 14 June 2024

09:30 - 10:45 (GMT) | Online

Join the [FAI](#) team to hear their latest analysis on the general election announcements and what they mean (or don't mean!) for Scotland. The various promises and claims made will be examined, and we'll

discuss how these interact with the devolution settlement - if, indeed, the parties have made this clear!

The team will be joined by polling legend Professor Sir John Curtice, who will reflect on what the latest polls are telling us about the result, both for the UK and Scotland.

[Register here](#)

Registered attendees will be sent the join details for the webinar by email on the morning of 14 June 2024.

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