

Scottish Affairs Committee

Oral evidence: [Secretary of State for Scotland, HC 53](#)

Thursday 13 May 2021

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Members present: Pete Wishart (Chair); Mhairi Black; Deidre Brock; Wendy Chamberlain; Jon Cruddas; Sally-Ann Hart; John Lamont; Douglas Ross.

Questions 1 - 53

Witnesses

I: Rt Hon Alister Jack MP, Secretary of State for Scotland; Iain Stewart MP, Parliamentary Under Secretary of State, (Minister for Scotland); and Laurence Rocky, Director, Office of the Secretary of State for Scotland.



Examination of Witnesses

Witnesses: Rt Hon Alister Jack MP, Iain Stewart MP and Laurence Rockey.

Q1 **Chair:** We are honoured to have the Rt Hon Alister Jack, Secretary of State for Scotland, and his colleagues joining us at this session. Just to get things started, Secretary of State, can you introduce yourself and your colleagues and anything by way of a short introductory statement?

Mr Alister Jack: Thank you. I will start by introducing Laurence Rockey, who is the new Director of the Office of the Secretary of State for Scotland, who is attending his first Scottish Affairs Committee today. Also Iain Stewart, Parliamentary Under Secretary of State for Scotland, who is well known to all of you.

The UK is entering a critical phase in our fight against the pandemic. The successful rollout of the United Kingdom's vaccine programme has given us all hope that we will soon be able to say goodbye to the difficult restrictions we have all had to bear. We still face an enormous task to rebuild our economy and support vital public services that inevitably have been badly hit. With more than 300,000 Scots still on furlough, we need an economy firing on all cylinders so that people can return to their jobs or to ensure that there are new jobs for them to go to.

We also need to ensure people can catch up on the education they have missed. We need to ensure that our NHS, which has performed heroics throughout the pandemic, is able to reduce waiting times. In a whole range of areas we need to bounce back. I am certain the people of Scotland will be best served if the two Governments work together to achieve that.

A new Scottish Government is being formed at Holyrood today, and their focus must be 100% on rebuilding after Covid. I am pleased that Nicola Sturgeon supports the Prime Minister's plan to bring the United Kingdom Government and the devolved Administrations together in the coming weeks. As we look ahead, the Scotland Office will be at the heart of the UK Government's ambitious agenda as we seek to build back better, boosting our economy while levelling up across the whole of the United Kingdom. We will press on with our £1.5 billion City and Regional Growth Deal programme, which will create tens of thousands of jobs over the coming decade.

We will ensure that Scotland benefits from our review of Union connectivity, improving transport links across the whole of the United Kingdom, from our exciting freeports initiative and also from the Levelling Up Fund and the Shared Prosperity Fund. We will ensure, too, that Scotland benefits from the new trade opportunities now that we have left the EU and we embrace the world as a global Britain.

We will do all that as a United Kingdom, drawing on the strengths of Scotland, England, Wales and Northern Ireland, and that will be the



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foundation on which we will build our bright and optimistic future. I am clear that this office has a vital role to play in promoting that objective, which is symbolised in the establishment of Queen Elizabeth House, our new UK Government hub in Edinburgh.

My ministerial team—Iain Stewart and David Duguid—and I, along with the whole of the Scotland Office, look forward to continuing to deliver for Scotland throughout the important year ahead.

Q2 Chair: Thank you ever so much, Secretary of State. We all on this Committee welcome Mr Rockey. I think we are all looking forward to working with him in the future, and we look forward to having him as a regular at deliberations in the Scottish Affairs Committee. Welcome to you, Laurence, and all the best to you.

I will start with something we can all agree on. This was a very helpful, useful and successful Scottish election. There was a record turnout and we have delivered the most diverse Parliament that we have had in the devolution age. It was a fantastic exercise in democracy, and I think we would all agree that it was a massive success in terms of an election.

There does seem to be a bit of confusion about who won. We have heard quite a number of competing statements to that effect in the past few days. In your view, Secretary of State, who won the election a week ago today?

Mr Alister Jack: I am very happy to congratulate Nicola Sturgeon on her re-election as First Minister. That is beyond doubt. Yes, absolutely, I congratulate her on that, but I will also congratulate a member of your Committee, Douglas Ross, on retaining the same tally of seats that Ruth Davidson achieved in 2016.

Q3 Chair: I am grateful, because what we have observed—in my view anyway—was an overwhelming and decisive result in the Scottish elections. The Scottish National party won a record number of seats in the constituency election on a higher percentage share of the vote than has ever been secured for any single party. In fact, if this had been a Westminster election, the Scottish National party would have won 552 seats with a majority of 454. It was also a victory for the parties of pro-independence and pro-referendums. An independence referendum was at the heart and core of their manifestos. How will the UK Government respond to the request to hold an independence referendum when the pandemic is considered to have passed?

Mr Alister Jack: I would put some other statistics back to you. The first thing I would say is that an independence referendum was one of many things in the manifesto. Voters, as we saw in the last BBC debate, are not necessarily voting for Nicola Sturgeon because they want independence, and she confirmed that.

I would say that less than a third of the Scottish electorate voted for nationalist parties—I think the figure was 31%. I would say that very



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little has changed since 2016 when you look at the numbers. In that time we have had Brexit. We have had two general elections. We have had the Covid pandemic, totally unprecedented. All those things have happened since 2016, but when you look at the overall numbers the changes are very, very minor indeed. One extra seat for the SNP, a couple less seats for Labour and the same number of seats for the Conservatives.

I think we are in the same place as we were then. Funnily enough, many psephologists looking at the numbers since 2014, looking at the last 10 opinion polls, come to the opinion that there are still a minority of Scots in favour of independence. When you look at the stats, it is about No. 8 on people's list of priorities. They have far greater concerns at the moment. That is what I think we should be focusing on.

We have to be realistic and say that back in 2014—and I know the point you are getting at—both of Scotland's Governments agreed on holding a referendum, as did all the main political parties. The difference now is that it is just one party that thinks there should be a referendum. The numbers and opinion polls say differently, and when people are asked if they think there should be one in the near future, or in the next two or three years, there is a huge majority that think it is not where the priority should be.

I think the Scottish Government's priority is to co-operate and work with us to recover from the pandemic. We have saved lives. We have had the UK Government's vaccine procurement programme. That is saving lives. Now we need to focus on saving livelihoods. That is what is critical going forward. That is what keeps people awake at night.

Q4 Chair: I do not think there is very much that you and I would disagree on when it comes to some of these broader points and principles. I think you are right, we all want to work together to ensure that we most effectively recover from the pandemic. We all welcome the conference that has been organised by the Prime Minister, and I note the willingness of the First Minister to participate in that conference.

We could trade statistics as much as we want, but the key one I will end on—and I hope this is the last one that we will need to trade in order to get to acknowledging that this was a victory—is the peach ballot, the regional ballot, the one that provided most of the Members for the Scottish Conservative party, was won by parties that supported independence. It is the first time that has ever happened in any election anywhere in the UK, where the majority popular vote was cast for parties who believe that Scotland should be an independent Scotland, so I think that more than anything suggests that we have moved on significantly since then.

It comes back to the question: once the pandemic is dealt with, once we have had all the conversations about the economic recovery that is required in order to deal with some of the issues around the pandemic, how will the UK Government respond to the inevitable request from a



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pro-referendum majority in the Scottish Parliament for another independence referendum? We just need to hear what the UK Government's response is to that request.

Mr Alister Jack: I will take both those points. First of all, I would say that the constituency vote, in overall number of votes cast, was won by the parties that supported remaining in the United Kingdom.

Chair: Let's say you won one and we won the other, and we will leave it at that.

Mr Alister Jack: That is correct. Broadly it came out 50:50 and, as I said earlier, not everyone cast their vote because they were voting on a single issue of independence. That isn't the case. Other things were in there, like removing Trident. That is a reserved matter as well. It is part of our NATO commitment. Obviously some people might have been voting for the SNP because they wanted free dental care, a free laptop or even a free bicycle for their children. Who knows why they chose to vote SNP, but it wasn't all on the back of an independence referendum.

On the second point that you raised about the peach vote, the list vote, I would remind you that the First Minister was very clear in her interview in *The Herald* when Alba came on to the pitch and it wasn't clear which way that was going to bounce. She was very clear in that interview in saying that using the list vote when you didn't stand in the constituencies—and the Greens are guilty of that in a large part—is gaming the system. That is what she said. She is very clear, and she went on the record on that. I would put that point back to you.

Regarding your point about a referendum, I maintain that in the next five years Scotland is best served by two Governments working together and delivering on the sea of opportunities that exist in front of us, having left the European Union, but also focusing on the recovery from the pandemic. That is absolutely critical in what we do. There are many things that need to be resolved: education attainment standards, issues around health, the highest drug deaths in Europe pre-pandemic. The First Minister acknowledged she had taken her eye off the ball. I would say, don't take your eye off the ball for the next five years. Let's build the Scottish economy. Let's create jobs. Let's improve people's livelihoods.

As I said earlier, it is a constitutional matter so it is reserved, but if there is a Bill that the Scottish Parliament brings forward that is deemed by the Scottish law officers to be in scope then, if the Lord Advocate approves that Bill, it will then go to the Advocate General for Scotland and it will be a matter for the law officers to decide whether or not that Bill is in scope. That is how these things work. I would further say, Mr Chairman, that it is respecting devolution, That is the devolved settlement. We are the party that respects devolution.

Q5 **Chair:** Yes. There is also a matter of respecting democracy and ensuring the people get what they voted for in last week's election. Can we come



to this—

Mr Alister Jack: That is a fair point, but I have said I do not acknowledge that every vote cast was cast for independence. I said people vote on myriad issues, and maybe people were wanting free bicycles. Who knows?

Chair: Who knows why people choose to vote for the Scottish Conservatives, for example? It could be for a variety of reasons.

Mr Alister Jack: We have a wonderful leader.

Q6 **Chair:** We will leave it at that. We are where we are, and I think what we are trying to get to is how we move this forward, what the UK Government's response is to the actual result that was secured last week, which did deliver a pro-independence, pro-referendum majority.

I was interested to hear what you said about a possible referendum Bill designed in the Scottish Parliament, if there is a failure by the UK Government to engage in a process that would deliver a referendum free from legal challenge. What the Chancellor of the Duchy of Lancaster seemed to say—he was categorical at first, and then it became a bit more unclear in the course of the last few days—is that there would not be a legal challenge from the UK Government if there was a referendum Bill passed by a majority in the Scottish Parliament. Is that still the case for the UK Government?

Mr Alister Jack: What he said was that we should be focusing on recovering from the pandemic. He said that he believed all our efforts should go into building our economy, reducing NHS waiting times and improving the attainment gap for students who have suffered over the last year, and our efforts should be on all those things. It is not a matter for him—and he was making that point—to legally challenge a Bill that has come through the Scottish Parliament. It is a matter for the law officers to determine whether or not it is in scope of the devolved settlement. That was the point he was making.

I think his first and strongest point was the right one. The emphasis now—it is ridiculous to be distracted by discussions around a referendum, or Bills around a referendum, when there are so many—

Q7 **Chair:** We know that is your view, Secretary of State, and we are grateful for that. You have said that several times, so you do not need to tell us again. We know that is your priority, but what we are trying to determine here—

Mr Alister Jack: Well, I wanted to—

Chair: Sorry, Secretary of State, what we are trying to determine here is what the UK Government will do. You have not given a clear answer to say if the UK Government were approached to participate in a referendum, like we had in 2014 when a section 30 order was—we didn't hear an answer to that. We didn't hear an answer as to whether the UK



Government would—

Mr Alister Jack: I did answer. I will say my answer again. My answer was that in 2014 both of Scotland's Governments, and all the main political parties, agreed that it was time to have a referendum. In 2014 the people of Scotland gave their consent to remain part of the United Kingdom. Now there is only one party who thinks a referendum is a good idea. The other three main political parties think we should focus on recovering from the pandemic, and that is where our energy should be over the next five years. That was my answer.

Q8 **Chair:** The Green party, which is the fourth party in Parliament, increased their numbers in Parliament on the basis of having a referendum as part of their manifesto. We seem to be dancing on the head of a pin. We have an answer but—

Mr Alister Jack: I want to go back to what the First Minister said in reference to the Alba party. You and I are old enough to remember in 1999 when the D'Hondt system was set up for the Scottish Parliament. It was set up on the basis that parties stood on both sides, on both ballot papers, and it was to balance out and create a proportional system that gave some fairness. Then it developed into the Greens sitting on one side of the ballot paper but not the other. They did not split SNP constituency votes on their nationalist agenda, and SNP constituency voters were able to vote for either Alba or the Greens on the other side of the ballot paper. Nicola Sturgeon made it very clear—in the interview in *The Herald* about three or four weeks ago, which I referred to—that she viewed that as gaming the system.

Q9 **Chair:** Sorry, this is getting to the point of being absurd. The Scottish Conservatives made a particularly strong appeal and pitch for tactical voting in the peach ballot, and I know that the Scottish Conservative leader—practically all the campaign was based on it.

Mr Alister Jack: We stood in every constituency.

Chair: We are where we are, and I think we are agreed that we are split down the middle. Surely, the best way to resolve this would be to let the Scottish people decide. Surely, that is the only way this could be decided. The Chancellor of the Duchy of Lancaster also said that Scotland could become an independent nation if it wanted to. How is that to be achieved if it cannot be achieved democratically?

Mr Alister Jack: It would be achieved democratically and it would be achieved through a legal referendum. As I said to you, we believe the focus now is on recovering from the pandemic, on Scotland's two Governments working together, co-operating together for the good of the people of Scotland to rebuild the economy, to create jobs. For the Scottish Government to focus on the day job, on education, on health, on those devolved matters, on drug deaths. That is what we think is important.



As I have said, when you look at opinion polls, the opinion polls don't show a consistent majority for independence. We did see that running up to the trade and co-operation deal, I acknowledge that. You mentioned it many times in Parliament to me, and you were quite right to do so, but when the trade and co-operation deal was signed on 24 December we saw that the axis turned a bit and the pendulum has now swung back in favour of remaining in the United Kingdom. We believe that focusing on recovery, focusing on rebuilding the economy, is what should be happening going forward.

Q10 Chair: I have tried my best. Lastly from me, and it is again about the attitude of the UK Government towards the new Parliament as we go forward. You said—and I think you are sincere in this—that your intention is to work co-operatively and consensually with Scottish Government partners, and we will see how that plays out. Will that be the end of things like the Internal Market Act, which was turned down by the Scottish Government, which was not granted a legislative consent motion, or will you just continue to steamroller through measures that the Scottish Parliament rejects?

Mr Alister Jack: No, absolutely not. I would say we want to work co-operatively with the Scottish Government and we want to work on the Union connectivity review, on freeports, on a raft of issues. On the UK Internal Market Act, we needed to bring that forward because we believed it was very important, particularly to Scotland, because 60% of our trade, of our exports, is to the rest of the United Kingdom—I think we export 18% to the EU, 22% to the rest of the world—and we need to protect that. It is over 500,000 jobs; it is over £50 billion in trade. That is what the UK Internal Market Act does through the principles of mutual recognition and non-discrimination, so we believe that was true. We believe the Bill had to be brought forward, and we recognised there wasn't a legislative consent motion, but it was—

Chair: It was ignored.

Mr Alister Jack: In the Sewel convention that is not normal. Leaving the EU was not an event that could be predicted at the time, and we required this legislation to protect Scottish businesses and Scottish jobs. That is why we brought it forward. I would say that we wanted to engage with the Scottish Government on that, but in the spring of 2019 the Cabinet Secretary for the Constitution at the time, Mike Russell, instructed his civil servants not to talk about it. We carried on talking to the other devolved Administrations about it, and we brought forward a Bill that we believed protects the internal market of the United Kingdom, which is more important to Scotland than any other country within the United Kingdom.

Chair: The key feature in this conversation is that the Bill was rejected by the Scottish Parliament, by a refusal of the legislative consent motion. We will leave it there. There are a couple of issues that I am sure colleagues will pick up on, and then I want to come back to a couple of



things that you mentioned earlier.

- Q11 **John Lamont:** Good morning to the Ministers and Mr Rockey. I will start by saying that I think it is extraordinary—and people watching this at home will find it extraordinary—that the SNP Chair of this Committee spent over 20 minutes talking about another independence referendum when there are so many other things that are pressing for my constituents and people across Scotland. For example: how we are managing Covid, how we are managing the vaccine programme, how we are dealing with the economic recovery plan. The last 20 minutes could have been much better spent.

Secretary of State, I have some questions about the Shared Prosperity Fund and how that is going to benefit the people of Scotland. Could you set out the benefits of the Community Renewal Fund and the Shared Prosperity Fund for Scotland, please?

Iain Stewart: If you do not mind, I am going to pick that one up as it is one of the key elements in my portfolio. I think the funds that you have mentioned, alongside other projects and funds like the City and Regional Growth Deals, like the Levelling Up Fund, the Community Ownership Fund, the Union Connectivity Review, will prove to be enormously effective at helping local areas build back after the pandemic and invest in the long-term growth options for their areas.

Each of the funds does a different thing, but the core principle at the heart of all of them is the same. It is not about central Government—whether that be Edinburgh or Westminster—determining what we think is best for them to do. It is for the local areas, the partnerships that have been built up with local authorities, the academic sector, private sector, voluntary sector and so on, to come up with the projects and investments that they think will take their areas forward.

We can talk about the individual schemes, the processes and the like, but that is the philosophy behind it. It is empowering local areas to determine what works best for them. What works for Greater Glasgow might be different from the Highlands and Islands, which will be different from the Borders. It is giving them the empowerment to invest in their long-term future and complement other schemes that both the UK and Scottish Governments are delivering.

- Q12 **John Lamont:** In terms of lessons learned from the previous European funding that was available, thinking about how you developed this new approach, could you tell us about the lessons that have been learned and why this new approach has been adopted?

Iain Stewart: The first point I would make is that the various European funds don't just come to an abrupt end. Whatever schemes are in progress at the moment will continue through to their natural conclusion. I think I am right in saying that this financial year is the top year for cash spending. Those will tail off over the next few years.



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Of course they have been effective programmes, but we think what we are putting in place is better. We are trying to design this with less bureaucracy and red tape so that the bids can come in, be processed faster and get the investment flowing as early as possible. It is learning the best from the European funds but moving them forward and really digging into the good networks, the expertise that has been developed in these areas through the City and Regional Growth Deal programme and looking at how these new funds can complement what is already in the pipeline.

Q13 John Lamont: Thinking locally to my own area in the Scottish Borders, I have been working very closely with Scottish Borders Council on its application for the Community Renewal Fund, and it is working very hard to secure some of that funding. Are you seeing similar levels of enthusiasm from other councils in Scotland?

Iain Stewart: Very much so. The officials here and in other Government Departments have at least had a one to one with every local authority in Scotland, but we are also running a weekly surgery or dial-in event so that if particular guidance is needed on the particular schemes they can get that. The mood is very enthusiastic. The meetings I have had with local authorities right around Scotland bears testament to that, that they want to take advantage of these schemes.

It is not replacing anything. It is adding value to existing schemes, and often potentially tackling issues that have been kicking about for decades. I will give you one example of that. I met the Clyde Gateway team, which straddles City of Glasgow and South Lanarkshire. There is an old industrial site that is contaminated with chromium that precludes development of that site. Potentially, and I am not saying this is going to be approved, the funds are available to help remove that pollution and allow the area to regenerate. That is just one example of the types of projects that could benefit from these different funds.

Q14 John Lamont: That is good to hear. You have good engagement from local councils and local groups across Scotland. What sort of engagement have you had from the Scottish Government?

Iain Stewart: We have engaged with the Scottish Government in designing the prospectuses for the two existing schemes that are live at the moment, the Levelling Up Fund and the Community Renewal Fund. Just to explain for those who might not be immersed in the technicalities of these. The Community Renewal Fund is a one-year fund. It is almost like a test bed for how this process could work in the long term. That is what the Shared Prosperity Fund is designed to do. Some people call it the full fat version of the Community Renewal Fund. That is designed to kick in when the various European schemes start to tail off.

We are engaged with local authorities and the Scottish Government, and a wide range of other stakeholders, in designing the long-term scheme. For example, I had a meeting with COSLA yesterday to make sure that it



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will have a proper input into how this new scheme is designed. It is still in its development stage, and of course there will be lessons learned from how the Community Renewal Fund operates in the current year. It is very much done in a collaborative way.

John Lamont: Certainly the officers in Scottish Borders Council have been very positive about it. Even the SNP opposition on Scottish Borders Council put forward a motion praising the Shared Prosperity Fund and the Community Renewal Fund, so I think that is a positive step forward as well.

Q15 **Deidre Brock:** Hello, Secretary of State, Minister and Mr Rockey. Good to see you here today. Secretary of State, I am going to start with you, and it is one of our favourite topics whenever you come before the Scottish Affairs Committee. I received a written answer recently about the astronomical social media spend of your office, which seems to continue all the time despite the many questions being raised about it. You closed that answer by saying there would be no more adverts before the Holyrood election. Then you sent me some ads on Twitter before polling day. I have screenshotted one, if you need to see it. Can you explain that breach of purdah?

Mr Alister Jack: I am unaware of what you raise. I will defer to Laurence in a moment on that. You may well be right. The United Kingdom Government carried on, Scotland questions carried on in the House of Commons, those things happened during purdah. They were very political in some of the questions asked and some of the answers given.

Whether or not it is a breach of purdah, that is a matter you are very welcome to take up, but I am not aware. Was it a Covid ad?

Deidre Brock: No, it was, "We are stronger and safer when we work together. Scotland plays a vital role in the combined defence and security of the UK," and then a wee video.

Mr Alister Jack: It was just a statement of fact.

Q16 **Deidre Brock:** It was the day before the election. I realise that purdah does not seem to be as strongly conformed to as it used to be. I am thinking of the 2014 independence referendum, in particular. Presumably, you are still supportive of that principle?

Mr Alister Jack: Absolutely. Laurence, do you want to say something?

Laurence Rockey: Good morning, Chair, and thank you for your welcome. I am very much looking forward to engaging with you and members of the Committee.

Social media spend and public information campaigns are increasingly important tools for both Governments, and Governments across the world, as people perhaps get their information in different ways from what happened traditionally. Certainly the younger generation looks to



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use social media much more for their information than perhaps the older generation does.

Social media and public information campaigns are extremely important tools and something we assess for value for money purposes. There is a strong feedback loop on the methodology and reach of such campaigns. The Secretary of State mentioned Covid, on which we have done some strong campaigns this year. We have also addressed other important topics, such as promoting International Women's Day.

We are very happy to look at the specific case, Ms Brock, if that would be helpful. The civil service takes the pre-election period rules very seriously. We have a pretty firm bar. I am very happy to look at that specific case.

Q17 **Deidre Brock:** Excellent. Great. I will be taking it up. Thank you very much, Mr Rockey. Right, we will leave that there.

I have a few questions about the funding arrangements that the UK Government are creating for the devolved Administrations. When he was in front of us, Minister McKee told us there was no consultation on the Community Renewal Fund and other proposed funding packages and spoke of the difficulty he and the Scottish Government had experienced trying to engage with the UK Government: "rebuffed and ignored at every turn" was the phrase. He also reported, I am afraid, that one conversation he was able to have with the Scotland Office was frankly embarrassing because it knew less about what was happening than the Scottish Government officials.

As you have already said, COSLA told us that it has had regular discussions with UK civil servants and Ministers. How do you explain that contrast, Secretary of State?

Mr Alister Jack: Those meetings were held by Minister Stewart. I know there have been many meetings with the Scottish Government, not just with us but also with MHCLG, ahead of the prospectus, so I slightly rebut your initial assertion.

Deidre Brock: It was not my assertion; it was the Minister's.

Mr Alister Jack: It was on the record, was it?

Deidre Brock: Yes.

Mr Alister Jack: Well, I rebut that. We have had a great number of meetings to consult on the prospectuses for these funds. I will hand over to Minister Stewart, who has been dealing with that and with COSLA.

Iain Stewart: I don't know what Ivan McKee has said, but what I do know is that we have had extensive dialogue, particularly at official level, between our office, MHCLG and the Scottish Government, in designing the prospectuses for the two existing funds. We are continuing that for



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the forthcoming Shared Prosperity Fund, which, as I said in response to the earlier question, is still in the development phase.

You would be perfectly valid in criticising me if I did not engage with local authorities in Scotland. At least once a month, quite often more often, I have a very constructive meeting with COSLA, both the elected leaders and their officials, and with individual local authorities across Scotland.

Q18 Deidre Brock: Great. Just to be clear, I am not criticising you, of course, for speaking with local authorities. My criticism is that we have had a Minister in front of us suggesting that UK Government Ministers—such as yourself, I am assuming—have not been having similar sorts of discussions with Ministers. You suggested proposals just then. You suggested previously that proposals would complement existing Scottish Government schemes in development. I am wondering how that can occur when Scottish Government Ministers are not being consulted, or certainly not to any great degree.

Iain Stewart: I will make a number of points. The first is about complementing schemes. As I said earlier, the philosophy behind this is that it is for local authorities to decide and identify what schemes they can bring forward locally that will complement existing and planned spending by the Scottish and UK Governments, the private sector and many others. I can point to many examples around Scotland of how a successful bid to one of these schemes will help to unlock all sorts of regeneration and employment growth. That is the philosophy behind it and, in terms of my engaging with Scottish Government Ministers, I do that regularly on a wide range of things.

My third point is about the Scottish Government's form when they are invited to participate in various schemes. They take umbrage and walk away, taking their ball off the field. A classic example is the Union connectivity review. When we were looking at putting together proposals for Scotland's connectivity with the rest of the United Kingdom, we invited the Scottish Government to take part and they point blank refused.

Q19 Deidre Brock: Maybe that had something to do with the involvement of the Boris bridge. I couldn't speak for Ministers, of course.

Just returning to our subject. Junior Minister Eddie Hughes said in Parliament, "Where appropriate, the UK Government will seek advice from the devolved Administrations". That is a quote. Would their approval be needed before projects for the Levelling Up Fund go ahead?

Iain Stewart: That will depend on what bids come through from local authorities. We need to go back to the first principle of these schemes. It is not about central Government—be that Edinburgh or Westminster—determining what local authorities do. We have invited them to come forward with what they think is best for investment, regeneration, improved connectivity, skills, whatever it is, in their areas. We have published the criteria that different schemes will be assessed against.



Q20 Deidre Brock: One thing I have difficulty with is: who is going to monitor the spending of moneys being funnelled past the devolved Administrations? Will Audit Scotland be keeping an eye on what is going on, or the National Audit Office, and who will be providing ministerial oversight, given that two of the UK Departments involved do not have remits that run in Scotland, and the other is the Treasury?

As I have already raised with you, Minister Stewart, when you have previously appeared before this Committee, the Stronger Towns Fund attracted huge criticism for ministerial pork-barrelling. How will that be avoided here? Perhaps Mr Rockey can tell us how the Stronger Towns Fund was monitored and how that apparent, or alleged, ministerial jiggery-pokery is going to be avoided here in Scotland.

Laurence Rockey: As we know, the accounting officer and value for money responsibilities lie with the permanent secretary of each Department in the UK Government with responsibility for spending. I am no different, although I should add that I am not a permanent secretary in the Scotland Office—I am the accounting officer. The accounting officer for both the Levelling Up Fund and the Community Renewal Fund is the permanent secretary of MHCLG. MHCLG has recruited a senior civil servant post to be based in Scotland, and it is establishing a close team, with which we work very closely and are hardwired into.

The deadline for both funds is 18 June. As members will know, the Levelling Up Fund, in particular, seeks endorsement from local MPs, to make sure the democratic process is involved in the development of bids. Following the closure date, as is standard for such funds, there will be a rigorous analysis of the business case and the strength of the proposals by the analytical team in the cities and local growth unit based in MHCLG and the Department for Business, Energy and Industrial Strategy. Following that process, announcements will be made. The spend will be monitored by MHCLG, which will be held accountable by Westminster and Parliament through the PAC and other usual routes.

Q21 Deidre Brock: You speak of a rigorous process. Is it going to be a more rigorous process than happened with the Stronger Towns Fund? I think I am right in saying that is exactly the Department that was monitoring the spend for that particular fund.

Laurence Rockey: I am not close to the details of the Stronger Towns Fund. I have only been back since November. I was a longstanding member of the former Department for Communities and Local Government, the forerunner of MHCLG, and I can tell you that we think about the outcomes we are seeking to achieve as civil servants in advising Ministers for a particular fund and how to ensure value for money. Lessons are learned after different programmes and projects finish, and this is no different. A lot of experience from the EU Structural Fund team and the cities and local growth unit will be brought to bear in this case. There are strong checks and balances.



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Deidre Brock: I am sure the Committee would much appreciate receiving some further information about exactly how that is going to work once you have some clarity. Getting back to the local—

Iain Stewart: May I add to what Laurence said? First, I think you would be hard pressed to extrapolate any element of pork-barrelling in the priority areas that have been identified in the first two funds. Secondly, I think you raised an interesting question about the auditing of money that comes from the UK Government and is spent by the Scottish Government, and this may be something that the Committee wishes to explore. There have been a number of very concerning reports that money given by the UK Government for business support, and a range of other Covid moneys in Scotland, has not been passed on to its full intent. Perhaps that is something you may wish to explore.

Deidre Brock: Indeed, and I am sure the Scottish Government would be delighted to have that fully explored.

Mr Alister Jack: I think Audit Scotland said it could not account for £2.7 billion, and I think that is something your Committee should explore. It is not for me to tell you what to do, but we are certainly asking questions and I think you should as well.

Deidre Brock: I am sure the Scottish Government will be delighted to answer questions on that issue. Can I ask about local authorities—

Mr Alister Jack: Another point: you said something about five minutes ago that needs to be clarified. In February and March, Scotland Office Ministers had 18 meetings with Scottish Government Ministers, and there were many, many more meetings held by Scotland Office officials with officials of the Scottish Government. I do not recognise the idea that we were not communicating with or talking to the Scottish Government.

Q22 **Deidre Brock:** Were all those meetings specifically about these different funds?

Mr Alister Jack: They were on a range of issues. I was very clear. The other point you picked up on was consult/consent on spending plans and business cases, and I want to clear that up. In a meeting I had with Ivan McKee, I was very clear that we would consult but that it would not be by consent. I was very clear that the Scottish Government did not have a veto on business proposals and that the delivery partners, predominantly local authorities, would judge the value of the business proposals coming forward, taking into account all the factors that we put in the prospectus. The process will be consultative. You did raise that. It sort of went past us. I just wanted to clarify it.

Q23 **Deidre Brock:** That is fine. I think the Scottish Government are used to being consulted on things. They are not necessarily used to having their preferences acted upon by the UK Government, but we will leave that there.

A question about the Levelling Up Fund and the categories that have



been created for that fund: local authorities in your constituency, Secretary of State—and, I think, in Mr Lamont's—which have lower levels of deprivation than, say, Clackmannanshire and West Lothian, seem to have been placed in category 1, suggesting that they are in line for a larger chunk of the funding. The local authorities with the most expertise and the most resources are going to submit the best bids and always win out, as opposed to those in the most need. How is that going to be managed?

Mr Alister Jack: I absented myself from that process. Minister Stewart deals with the structural funds. I kept myself at arm's length. I know the process used a range of factors to determine where the extra priority would go. For instance Glasgow, I think, and Dundee also came into that category. I notice that you did not mention them. I will hand over to Minister Stewart to give you a fuller answer on the detail.

Iain Stewart: I will make a number of points. First, the prioritisation criteria and the assessment criteria against which bids will be judged are not the same across all funds. Although each fund has the same principles at their heart, they all do different things. The Levelling Up Fund is more capital spending on infrastructure and so on. The Community Renewal Fund is primarily revenue support. The Shared Prosperity Fund will be a mix. The schemes are designed to do different things.

My second point is that prioritisation is not a determinant of the success of the bids. Each bid will be assessed according to its strength against the various criteria. In helping authorities and local partners to develop the bids, first, we are already drawing on the very strong networks that have been built up through the City and Regional Growth Deal teams. Many of these schemes are designed to complement those investments. Secondly, we have a live, weekly support system for local authorities in place.

Deidre Brock: Thank you.

Iain Stewart: No, this is important. Thirdly, we are giving each local authority a sum of un-ringfenced money to help them build capacity in developing those bids.

Q24 **Deidre Brock:** All right. Thanks. One last question, Chair, if I may: the UK Government have repeatedly said that Scotland will not lose out on funding from the Shared Prosperity Fund, but lately statements have been talking about matching funding UK-wide. What guarantees can you give, Secretary of State, that Scotland will get at least the same amount of funding that it received under the EU schemes?

Mr Alister Jack: That guarantee has been given by the current Prime Minister and the previous Prime Minister over a number of years. The amount of funding will be as great, or greater, than the EU funds.

There is an important point to note here. The Levelling Up Fund and the Community Renewal Fund are in addition to EU funding. The EU funding



still goes on—there is a tail—and then this comes in; there is a taper coming in with the Community Renewal Fund leading into the United Kingdom Shared Prosperity Fund. The Levelling Up Fund is not a simple replacement. It is in addition to the existing EU funds. I think you have to take it in the broad context, and that may be why the language was the way you describe it.

Chair: I think the key phrase there is “in the broad context.” We will leave it at that.

Q25 **Douglas Ross:** Thank you, Secretary of State, Minister Stewart and Mr Rockey for joining us today. I have to say at the outset how disappointed people must have been to watch the, quite frankly, inept and poor chairing of this Committee by Mr Wishart so far. I think people will understand why Members of his own party, and across Parliament, would like to remove him—

Chair: Excuse me. Douglas Ross, there is no need at all to make attacks on the Chair of this Committee. I have been elected by the House to chair this Committee. Could you please get on with addressing your questions?

Douglas Ross: I seem to have pricked a nerve of the sensitive Chair of this Committee.

Chair: I am just trying to get on with doing my job without any sort of personal attacks. Please get on with your questions.

Douglas Ross: When you are so poor at your job, I will attack you personally. You have talked over the witnesses repeatedly.

Chair: This is absolutely pathetic. Will you please just get on with your questions without making any sort of erroneous attacks on the Chair?

Douglas Ross: It is not erroneous if you are poor and inept, and the fact that you won’t even allow me to put that on—

Chair: Will you get on with your poor and inept questions, please, so we can get on with this session?

Douglas Ross: Our impartial Chair has already decided that my questions will not be as good as his, and I think people will see yet again that the SNP do not like to be criticised.

Chair: We want to get on with this session. Would you please now just ask your questions?

Douglas Ross: Hopefully you can calm down now, Chair, as I address my questions to the Secretary of State and the Minister. I had asked the Chair if I could come in specifically on the points about the election, and later I would like to raise further issues with our ministerial team in the Scotland Office.

Secretary of State, what was your reaction during the election to comments by the First Minister, Nicola Sturgeon, that Scotland, as an independent country within the European Union, could have piggybacked on the success of the vaccination scheme here in the United Kingdom and



would have done what every other country in the EU has been unable to do and have such a successful vaccination rollout?

Mr Alister Jack: I was surprised by that. I would go back to July last year when an SNP MP and others within the party were calling for us to give up our contracts, which we had signed, and join the European scheme. We have seen where that ended. I would say the Prime Minister was absolutely robust back then in saying that we had invested a lot in vaccines. We backed a number of horses in the race to develop a vaccine in the hope that one of them would get to the finishing line. In the event, it looks like all the horses are getting to the finishing line. There are a few more still to come, but they are making good progress.

Our investment has allowed us to vaccinate our citizens, which we have done very efficiently, working across the United Kingdom; all Governments and Administrations working together. Had Scotland been independent, Scotland would not have been part of the UK vaccination programme. That is obvious. Had Scotland been independent—this ironic expression “independent in the EU,” which is not really independent—Scotland would have been in the EU vaccination scheme, and that would have been much slower than the UK scheme.

I did not agree with that comment. It would have been nice if the First Minister had said, “Do you know what? The United Kingdom Government really delivered here. They got in right at the beginning. They realised that the cavalry coming over the hill to save us from this virus is a vaccine, and they’ve gone gangbusters to achieve it. Thank you very much”, and maybe a little bit of praise for the Prime Minister for the leadership he took on that would have been welcome.

Q26 **Douglas Ross:** Another big issue in the election campaign was an SNP MSP who has been returned for the Scottish National party, who represents the south of Scotland, saying that creating a border would be a good thing. It would be positive and would create jobs and growth. Originally, the First Minister said there would be no border in an independent Scotland. She then said there would be a border but there would not be any problems. What was the UK Government’s perception and understanding of this confused message from the SNP during the election campaign on the border issues?

Mr Alister Jack: The remark you refer to was ridiculous. What the SNP MSP candidate for the south of Scotland said was that a border could be a good thing and it would create jobs. If she is that keen on creating jobs with a border, maybe she should go the whole Trump and build a wall. That would create lots and lots of jobs. It is not what I want for Scotland. What I want is for Scotland to remain in the United Kingdom. As I said earlier, 60% of our trade is with the rest of the UK, and that is more than we do with Europe or the rest of the world. It is more than £50 billion, and it is more than half a million jobs.



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I think it is critical that we are honest about the border issue, because an independent Scotland in the EU would have a border between Gretna and Berwick with her biggest trading partner, which is England, and I think that is a ridiculous and foolish road to go down.

Other questions on this subject need to be addressed. Currency is an issue. You would have to have your own currency and your own central bank operating successfully before you could join the EU. Deficit is another issue. The deficit to join the EU is 3% of GDP. Scotland's deficit, according to the latest assessment, is eight times that. If you are a public sector worker moving towards your pensionable age, is your pension going to be paid in groats or, ultimately, euros, and who is going to guarantee your pension, because it will not be the UK Government? Likewise, benefits: they would not be underwritten by Her Majesty's Treasury. All these issues are issues that the Scottish Government need to be honest about if they keep on pressing for independence at a time when they should be focusing on securing and growing our economy.

Douglas Ross: Thank you, Secretary of State. When the Chair calms down, I will seek to come back into the meeting with some further points that I would like to address.

Chair: Thank you very much, Douglas. Can I say that anybody will be able to ask any questions on the responsibilities of any witness at this Committee without that type of behaviour? I am sure we will get much more civility as we hand over to Mhairi Black.

Mhairi Black: Thank you, Chair. The bar has not been set very high with that one.

Chair: That's for sure.

Mhairi Black: To begin with, could I—

Douglas Ross: Chair, can we just confirm that the official report will record your reaction to that, because it will be very useful as we continue to make a very clear understanding of your extremely poor performance as a convenor and Chair of this Committee? Can we get clarification that the official report will carry your reaction? If not, you may want to hide that, Chair.

Chair: I think we are absolutely and utterly tired of these feeble and pathetic little castings of aspersions on the chairing of this Committee. It really is embarrassing for you, Mr Ross, continuing to come back with these types—

Douglas Ross: Can I come back?

Chair: No, you cannot. We are just going to get on with this Committee meeting.

Mhairi Black: Can I ask my question?

Chair: Can we please just get on with asking questions to the Secretary of State, which is what this session has been designed to do? You have



had your say.

Douglas Ross: So the official report won't record your reaction?

Q27 **Mhairi Black:** Excuse me. I am in the middle of asking a question. Thank you.

Minister, to begin, I wonder if you could outline for me what the benefits of devolution have been?

Mr Alister Jack: The benefits of devolution, which as you know this Government are very supportive of, are a question for the Scottish Government. The benefits are determined by the Administrations and how they use the powers. I would say that in Scotland we have created the most powerful devolved Parliament in the world, and that has given the Scottish Government huge tools to tackle the issues that face people's everyday lives: education and health, for example. We have talked about other issues in the past. Working with the UK Government, there is the economy as well.

I think that in the last 14 years we have seen a Government in Scotland that have not used those powers wisely and have not used devolution to help improve the lives of people in Scotland. We have seen falling education standards on the international league tables. We have seen an increasing attainment gap for students. There have been issues around health, delivery of hospitals, delivery of ferries—the list goes on—and the highest drug death rates in Europe. I think that devolution, when practised responsibly and when you focus entirely on it, is a good thing, but if you take your eye off the ball and focus on breaking up the United Kingdom and undermining devolution, it is not a good thing.

Q28 **Mhairi Black:** Thank you for your answer. When you say "undermining devolution" I wonder then—

Mr Alister Jack: It is destroying it. Sorry, not undermining it. Undermining would be not to pay attention to it. Destroying it is to break up the United Kingdom. Devolution would come to an end.

Q29 **Mhairi Black:** With the last 20 years of devolution in practice in mind—I presume that the Minister is supportive of devolution, despite the fact that he might disagree with what the Scottish Parliament decides to do—Ministers in particular have been very keen to stress that this Internal Market Act does not take away any power from the Scottish Parliament or devolved Administrations, but the Act says it gives the UK Government extra power. That is how we have to think of it. There is no onus on UK Ministers even to engage with Scottish Government Ministers. Why is that suddenly necessary when we have had 20 years of functioning devolution? Is it simply that the UK Minister wants to be able to implement things that he does not agree with in the Scottish Parliament?

Mr Alister Jack: No, that isn't the case. Not a single power has been taken away from the Scottish Government on leaving the EU. The Scottish Government have been given dozens of extra powers. When the



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Scotland Act 1998 was passed and the devolved Parliament was set up, we were members of the European Union. Since then we have left the European Union and certain powers that we—the UK Government—had devolved to the European Union have returned to us to use across the United Kingdom, and that is as it should be, but we have not taken a single power away from the Scottish Government.

I go back to what I said at the beginning. We want to work co-operatively with the Scottish Government to improve the economy in Scotland. We have not had the level of co-operation from a separatist Government that I would like. That does not come as a surprise to me, but the fact remains that the UK Internal Market Bill is critical to our trade around the United Kingdom. As I said, 60% of Scotland's trade goes to the rest of the UK.

In the spring of 2019, Mike Russell disengaged his civil servants from Union connectivity, looking at upgrading road, rail and airports and at better connectivity, which leads to economic activity, which leads to more jobs. Michael Matheson disengaged his civil servants from giving data to Sir Peter Hendy for the review, which I think was a foolish move. Deidre Brock said earlier that it was probably something to do with the bridge. It was nothing to do with the bridge.

A feasibility study looking at a fixed link to Northern Ireland is proposed. It is only a feasibility study. It does not take away from the fact that, whether it goes ahead or not, it still highlights the appalling state of the A77 and the A75, the forgotten roads that have been ignored for decades and not just by the Scottish Government. It does not change the fact that dualling the A1 up to Edinburgh would be an advantage and taking HS2 from Crewe up to Glasgow and Edinburgh, which Peter Hendy is looking into, would be fantastic for those cities. If we could get that link working, why could it not go on to Aberdeen and Inverness?

We need to have an optimistic, bright future and vision for our country. These things, these powers, have to sit with the United Kingdom because, strategically, the United Kingdom has to think about how all parts of the UK join up as part of our levelling up agenda.

Q30 Mhairi Black: I think the confusion here lies in that on the one hand, in response to my first question asking about the benefits of devolution, you quickly moved on to saying that you don't think that devolution has always been used appropriately—

Mr Alister Jack: Not by the SNP; that is right.

Mhairi Black: Yes, the Scottish Government, as elected by the Scottish people, you have disagreed with what they want.

Mr Alister Jack: Some things, yes.

Mhairi Black: Following that, you have now created this Internal Market Bill, which gives no formal role to the elected Governments of the



devolved nations and yet—

Mr Alister Jack: No, sorry, Mhairi, you have said something that is just completely wrong. There is an Office for the Internal Market, and all parts of the United Kingdom will be represented. We have had to stop work on that due to the election process in Wales and Scotland, but representatives from all the nations of the United Kingdom will be there. In addition, the principles of mutual recognition and non-discrimination, which protect Scottish businesses, will be further underpinned by frameworks. The frameworks are agreed by consensus with the devolved Administrations, which have the option to opt out of the frameworks.

In the event that they do that, the businesses are protected by mutual recognition and non-discrimination. That is no different from what happens in the European single market or in Australia or elsewhere. The principles are absolutely right, and we do respect the devolved Administrations through the frameworks.

Q31 **Mhairi Black:** I completely agree with you about the level of detail that is required in the frameworks for them to be successful.

On the Shared Prosperity Fund, there is no management role provided or defined in the heads of terms for any of the devolved Governments, so much so that in March the devolved Governments of Wales, Northern Ireland and Scotland got together to write a joint letter to register their concerns about being bypassed on a lot of devolved areas.

Mr Alister Jack: I did say I had absented myself from direct involvement in the funds because I am a Member of Parliament in Scotland. Minister Stewart, who is Scottish, is not a Member of Parliament in Scotland, so he has dealt with the funds. It is right that I have kept that at arm's length. I will defer to Minister Stewart on that, if I may.

Iain Stewart: Sure, but before I come back on that, I want to add to one point in your previous question about the initial devolution settlement. When that went through, in the late 1990s, it was not envisaged that the UK would not be part of the EU single market. When we came out, there was a gap in the legislation. Had we not passed UKIM, there would not be a UK single market. I know from conversations I have had with business that that was right at the top of their risk register. It would have directly affected jobs and prosperity in Scotland if we had not intervened to make sure that that single market was maintained. That is a very important point to consider.

I have explained that the Shared Prosperity Fund is still work in progress. We are consulting with the devolved Administrations, with local authorities and with a wide range of other stakeholders as to how the fund will operate. A lot of the learning will come from the Community Renewal Fund, which is in progress.

Mr Alister Jack: Can I add one point that addresses your question? Dealing directly with local authorities—and I have heard Minister Stewart



say that it reduces bureaucracy—is true localism. That is real devolution in practice. It has been welcomed by councils, not least Glasgow City Council. I think it is something that we should applaud.

Q32 Mhairi Black: Everything that you have said so far is helpful in clarifying where you guys are coming from with this. Of course, there is a void now that we have left the European Union and the void needs to be filled, but the point that the Scotland Office is missing is that there is a problem with the way this Internal Market Bill has been set up. The procedure by which this money is allocated delves into devolved areas and has categorically made no role for the devolved Parliaments. The feeling is that you are happy to work with us, just so long as we agree with you, and if we don't, you are going to ignore us and bypass us anyway. How would you respond to that?

Mr Alister Jack: I am sorry if you feel like that. It is certainly not the intention. In drawing up and producing the prospectuses, we have had many meetings, particularly at official level.

I go back to my original point. The UK Government is now in the place of the EU, and these structural funds are Treasury funds. I have been very open about saying that we want people to see the strength and the benefits of being part of the United Kingdom, and this shows that. I make no apology for that. That is the reality. It is UK Government money, being spent directly with local authorities and other delivery partners. One of those delivery partners could well be the Scottish Government, and we have said that all along. We will consult with the Scottish Government and we will happily do projects with them. We want to work together

Q33 Mhairi Black: Earlier on, when Deidre Brock was asking her questions, you helpfully clarified that the Scotland Office has had 18 meetings. I believe that is what you said.

Mr Alister Jack: I said there were 18 ministerial meetings in February and March. That is on the note passed to me.

Q34 Mhairi Black: Would it be possible—not right now—for you to get back to the Committee with details about dates and the purpose of the meetings? It is very concerning, when we have such contrasting evidence being given by different Ministers.

Mr Alister Jack: I will defer to the civil servant on my right to answer that question.

Laurence Rockey: We have to bear in mind the balance between transparency and enabling ministerial discussions to take place. We have to consider whether publishing that list is in the interests of both Governments, given the potentially sensitive nature of such meetings.

Mhairi Black: I would be grateful if you could go away and see if there was any possibility that you could—



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Mr Alister Jack: The number 18 is on the record for February and March. If anyone wants to contest that, they are welcome to do so. Between Minister Stewart, Minister Duguid and I that is the number that I have been furnished with, so I will stand by it.

Q35 **Chair:** Can I back Mhairi Black? It would be very interesting to see just the broad outlines of these meetings, the dates and what they were there to discuss. I am pretty certain, Secretary of State, that if the Scottish Government would agree to that list being published, there would be no issue with the UK Government.

Mr Alister Jack: That is fine.

Q36 **Wendy Chamberlain:** Thank you, Secretary of State, Minister Stewart and Mr Rockey for your time today. I have a few question areas, all related to our departure from the EU and picking up on some of Mhairi Black's points about the Internal Market Bill.

I was very interested to hear what you said, Secretary of State, about the Office for the Internal Market and the involvement of the devolved Administrations. During the passage of the Internal Market Bill, I tabled an amendment that was passed in the Lords although eventually removed from the Bill. The proposed amendment looked to replicate provisions in the Scotland Act by providing devolved Administrations with the ability to appoint members to the CMA board. Can you give more information on how you are going to be involving the devolved Administrations, noting, of course, the fact that they have not given their legislative consent?

Mr Alister Jack: That will become clear. Discussions have been ongoing. Naturally, the election period held them up because Ministers in Scotland and Wales were not in place. It is back on the agenda for next week. We will be in discussions with the devolved Administrations about how we are going to fill those places. We are consulting and there will be representations from every part of the United Kingdom.

I would be jumping the gun to give you the details now. It is very clearly laid out that there will be a chair and sub-chairs to represent all parts of the United Kingdom. We are setting it up in a collaborative way. It is very important. We want it to work.

Q37 **Wendy Chamberlain:** It is encouraging to hear that, but my concern is that the Government chose to defeat the proposed amendment when the Internal Market Bill was in the Commons last year. If we are moving in the direction of some kind of similar approach, I would be interested to know what the objections were at the time.

Mr Alister Jack: Without risking a breach—I hope this is fine—I can tell you that the chair of that committee is by the consent of the four Governments of the United Kingdom.

Q38 **Wendy Chamberlain:** It is encouraging to hear that. Thank you,



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Secretary of State. Moving on to talk about common frameworks. I know from the latest update, which was in our briefing papers, that the frameworks project board had three meetings in the last quarter of 2020. Has that pace continued into 2021?

Mr Alister Jack: I don't have any details. We had meetings running up until the elections. I know we have made more progress than was anticipated. I remember Mike Russell saying it would be, at best, three by the end of the year, and from memory we got to eight. We can check those numbers. We can write to you with an update on how many more have been achieved since then. We feel we are making good progress with the frameworks, which are essential.

Q39 **Wendy Chamberlain:** We know about the impact of the pandemic. I would hope that the pace accelerates as the situation improves.

Minister Stewart, you and Minister Scully attended a previous session on the Internal Market Bill. You noted in your response to Mhairi Black that there was a necessary gap to be filled by the Internal Market Bill. I am going to repeat a question that I asked in our previous session: is there an example yet of a product or a service that cannot be managed through the common frameworks and, therefore, requires the Internal Market Bill? Minister Scully wrote to us after the session and gave a hypothetical example, but I have yet to hear of a concrete example that does not fit within the common frameworks.

Iain Stewart: I am not aware of one, but bearing in mind that we are relatively early out of the transition period with the EU, you would not expect there to be immediate changes like that. I can double check, but I cannot think off the top of my head of a specific example at the moment because, as far as I am aware, we have not changed any substantive regulation or standard. That may come in the future, and that is when the frameworks would kick in, but I will need to double check. Off the top of my head, I am not aware of one at this stage.

Q40 **Wendy Chamberlain:** Thanks very much, Minister, because my contention is that if the common frameworks do cover everything, where is the gap that the Internal Market Bill is filling?

Iain Stewart: We want to have common frameworks covering every area of commerce, but good government is to have that fallback position if, by accident or design, that coverage is not comprehensive. That is why it is there as an underpinning of the process. Our focus is very much to have them done through the common frameworks.

Q41 **Wendy Chamberlain:** Moving on to the Scottish Continuity Act, and this probably touches on the lack of legislative consent from the devolved Administrations, in practical terms how are the UK Government intending to manage legislative divergence across the UK? Given that the Scottish Government have decided to keep pace with EU law under the terms of the Scottish Continuity Act, how are we going to address that challenge?



Mr Alister Jack: Through UKIM we have established the market access principles of non-discrimination and mutual recognition. We have established the framework system, and that will provide a mechanism for managing regulatory divergence. The structure is in place to deal with that.

Laurence Rockey: The only thing I would add in a general sense is that there is ongoing dialogue with civil servants and legal advisers between both Governments to understand the context of legislation. There is a process in place to address any concerns or issues as we have seen played out with a couple of recent examples. There is a framework and process through the Scotland Act for managing any legislative tensions that has been in place for many years.

Q42 **Wendy Chamberlain:** It is unfortunate that we are in a position where there are tensions at all in the first instance, but thank you.

My final question area is in relation to the seasonal agricultural workers scheme. Minister Stewart, you and I had a meeting last month and it was one of the issues that I raised, given that I had received concerns from the chair of the NFUS growers' committee, who is in my constituency. The concerns raised were that the additional contractor who was due to be appointed by the beginning of March to accommodate the additional permits under the scheme, given that it has been increased to 30,000, had not as yet been appointed. Since then, I have had a letter from Victoria Prentis from Defra confirming that appointment on 23 April, but the concerns that I am receiving are that this is potentially too late for Scottish producers. Can you provide an update on what input the Scotland Office has had in relation to that?

Mr Alister Jack: I might answer that. As you know, we have increased the number of visas this year to 30,000. That was a decision that I pressed for, along with the head of the NFU in England, Minette Batters, and the then head of the NFU in Scotland, Andrew McCornick. I agreed with them what they felt was the right number, and they said 30,000 would be fine. I took that to the Prime Minister and, in a heartbeat, he said yes and agreed. That is where we got to with that. With the 30,000, you have to remember that there are people in the EU settled scheme. There are a number of people still in the UK who do these jobs and are remaining in the UK to do the jobs.

Addressing your specific point about the number of scheme operators, I know that we have increased that from two to four. That has gone through and the increase has happened. We have very close links with the NFUS, and I am not hearing from them that there is an issue. James Porter of Angus Soft Fruits—who I think is on the committee on that part of their interest—regularly sends updates into the Scotland Office to tell us where they are at and what concerns they have. Again, we are not getting any intel from them to tell us that there is an issue. If there was, we would instantly raise it with the Home Office, as we have done in the past.



Q43 **Wendy Chamberlain:** It is good to hear of those conversations. My concern is that the expectation was that those additional operators would have been appointed at the beginning of March, and they were not appointed until 23 April, so from a Scottish perspective that makes things a bit later.

Mr Alister Jack: I acknowledge that point, but I am just saying that the scheme operators have increased from two to four and that is done. Although you raise that concern, Wendy, I wanted to go on and make the point that we are not getting any feedback from the industry. We have quite good intelligence, and they are very quick to come to this office and tell us when they have concerns. We are not picking up any issues at the moment.

Wendy Chamberlain: I am about to send my response from Victoria Prentis to my constituents, so I will come back to you if there is anything on that.

Mr Alister Jack: Thank you.

Q44 **Wendy Chamberlain:** My final point in relation to that is that the letter received from Victoria Prentis does not really give any reassurance regarding the future of the scheme for 2022 and beyond. Indeed, my constituent had expressed concerns about some of the things going on with the scheme potentially being a reason not to continue into 2022 and beyond. Can you tell me what the Scotland Office is doing in relation to that? Can we get any reassurance that the scheme will continue into 2022?

Mr Alister Jack: The answer is that we will keep in touch with the industry, but it is probably not an issue for Victoria Prentis to opine on because she is a Defra Minister, whereas this is very much a Home Office matter. We keep close contact with the Home Office. As I said before, the Prime Minister is very keen to ensure that there are enough seasonal agricultural worker schemes across the United Kingdom. When I made representations from the NFU, as I said, in a heartbeat he said that if that is what is required, that is what must be delivered.

What will happen going forwards is that we will reflect on how many of those places were taken up and whether there was an undercapacity or an overcapacity. We will talk to the industry and stakeholders, to ensure they have access to the seasonal workers they require.

Q45 **Wendy Chamberlain:** What I am hearing is that, if there is still a demand from the industry into 2022 for similar numbers as we have seen on the scheme, yourself and Defra will be engaging with the Home Office on that.

Mr Alister Jack: I am sure that Defra will be as well, on behalf of English farmers, and I am sure that the Welsh Government and the Scottish Government will press the case to the Home Office. In terms of the



scheme across the UK and particularly for Scotland, I will absolutely be paying attention and doing what I did before, which was to intervene.

Iain Stewart: For all sorts of reasons, but this one in particular, it has not been a normal year. A number of the seasonal workers tend to migrate throughout the UK, depending on what crops are coming up and where at a particular time. Obviously, with the Covid restrictions on movement, that might have distorted the picture a little.

Wendy Chamberlain: Yes, and it can provide some challenges to the cooling-off period as well, I suppose.

Iain Stewart: We will have to do a careful analysis of the rest of this year and what is required in the years ahead.

Mr Alister Jack: I think that is a very wise point.

Q46 **Chair:** It is very helpful. Thank you for that. You will know, Secretary of State, of this Committee's long-term interest in seasonal worker schemes. I suspect there is going to be quite a number of bits of correspondence heading your way. I represent one of the areas that is most dependent on seasonal workers, and already we are beginning to see a number of issues starting to emerge and develop. I am pretty certain, knowing your good self, that you will engage fully with some of the issues that will arise.

You will also know, Secretary of State, that another field of interest that we have given a great deal of care and attention to is fisheries. We have held several sessions at this Committee. Douglas Ross and I appeared at the EFRA Committee when it was looking into this, too. We are grateful to Minister Duguid, who was very helpful to this Committee when he appeared before it a few weeks ago. Since Minister Duguid's appearance there has been the news from Norway. There has been a failure to agree any sort of deal with Norway and the Faroes. This has a particular impact on cod fisheries. What do you make of this? Is this getting worse and worse for Scottish fishers?

Mr Alister Jack: We regret that a bilateral fisheries agreement was not reached with Norway and the Faroe Islands for 2021. We acknowledge that it is very important that the UK's relationship with its neighbours is balanced and, to that end, we did not think that the deal on the table was a good deal. Some in the deep sea fishing industry have said to us that we were better to do no deal rather than a bad deal.

Regardless of that outcome, we remain open to bilateral negotiations. We will continue to work closely with our coastal neighbours, and I am sure we will come to a satisfactory resolution in the fullness of time. As a first step, in the new world we were in I know that our neighbours took a fairly stiff negotiating line. We felt that it did not bring the advantages that we wanted it to bring for our fishermen, so we did not do that deal. I have no doubt that, as time evolves, the matter will be resolved.



Q47 **Chair:** We heard all this before we left the EU, that this was a great sea of opportunity. We had several politicians telling us that this was only going to be good, of benefit and a boon for our fishing sector across Scotland. It has proven to be anything but. The Scottish Fishermen's Federation now describe it as the tide half out. Do you feel in any way that you should be apologising to the Scottish fishing sector for all the failures to land a good deal, and for the situation they are now confronted with on leaving the EU?

Mr Alister Jack: What I will apologise for is some of the issues that have been quite serious in terms of exports. We have worked our way through those. We have the seafood task force. We are doing that in conjunction with Defra and the Scottish Government, and we are making good progress.

The reality and the truth is that this year the increased quota is 15%, and that grows to 25% over five years. At that point, we are negotiating on all our waters based on—well, we are already doing it as an independent coastal state, but we have total freedom on quota at that point. That is where we get to in five years' time. I know fishermen were disappointed that there was a compromise there, but the reality is that of all the demersal fishermen that I have spoken to, not a single one has told me they would like to go back into the common fisheries policy, which, of course, is the Scottish Government's objective by rejoining the EU. I am not hearing it from any of them, which is why we still see strong support for the Government in those coastal areas.

Q48 **Chair:** You might also hear them wondering what is going to be happening with this £100 million fund to develop the UK fishing industry, which was announced by the Prime Minister back in December. Do you know what is happening with this? When is this likely to work its way through to the Scottish fishing sector? In what way is this going to assist?

Mr Alister Jack: Laurence is going to answer on the £100 million fund. I have to say, Chairman, that Minister Stewart and I both have committees to go to. It is 1 pm.

Chair: How long do we have you for? I think there is only Sally-Ann Hart to go.

Mr Alister Jack: Minister Stewart has a Cabinet subcommittee at 1 pm. We are going to have to end the session, I am afraid.

Chair: Nobody informed us that you had to be away by 1 pm.

Mr Alister Jack: It was 11.30 am to 1pm in our diaries, so I apologise for that. I will let Laurence answer the question on the £100 million fund before we go.

Laurence Rockey: I cannot confirm a date at this point, but clearly announcements have been impacted by the pre-election period and we



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are anticipating that an announcement will be made shortly, so weeks rather than months.

Q49 **Chair:** Okay. I will not detain you. I am concerned that we did not know you had to end the session at 1 pm, and I know that Sally-Ann has been waiting patiently.

Mr Alister Jack: I think there has been a misunderstanding between our officials and your Clerks.

Chair: Is there any way that, even if the two Ministers have to go, Laurence could stay to answer Sally-Ann's question? Would that be okay?

Mr Alister Jack: Let's give it another three or four minutes and let Sally-Ann do that. People watching this on television and the officials will be able to give our apologies to the various meetings that we are meant to be Zooming into. Let's give it three or four minutes.

Chair: I am sorry about the miscommunication.

Q50 **Sally-Ann Hart:** Looking at Scottish hospitality businesses, Secretary of State and Minister, you just mentioned that the UK Government have given the Scottish Government £9.7 billion to tackle Covid. Looking at what steps the UK Government have taken to support the hospitality sector in Scotland, did it take other steps to help the hospitality businesses other than the £9.7 billion funding it has given to the Scottish Government?

Mr Alister Jack: Yes. Obviously, furlough has been a huge factor. Initially, that was supporting, along with the self-employed scheme, over 900,000 jobs in Scotland. There has also been what we call the CBILS, the different types of loans that businesses were able to apply for from the Treasury. There has been the reduction in VAT for the hospitality industry to 5%, which has been very welcome.

Q51 **Sally-Ann Hart:** That was all outside the £9.7 billion? That was in addition to that funding?

Mr Alister Jack: Yes.

Q52 **Sally-Ann Hart:** Expert witnesses from the hospitality sector have warned of an anticipated debt crisis, particularly when financial support ends. I understand from what you have just said that the Auditor General for Scotland said that the Scottish Government have only made £7 billion-worth of spending announcements. That leaves £2.7 billion unallocated. Can that £2.7 billion be used to help support Scottish hospitality businesses to weather the tough financial crisis? Is that something you can encourage the Scottish Government to use that funding for, or will you be looking at another way of supporting those hospitality businesses as the UK Government?

Mr Alister Jack: Well, no. The furlough scheme continues at the moment, and the VAT reduction continues at the moment. On the £2.7 billion that Audit Scotland referred to, I would absolutely encourage the



Scottish Government to use that money to support hospitality and tourism. It is a huge part of our economy in Scotland, and they have probably been the hardest hit sector. We have many engagements with the Tourism Alliance, which is the stakeholder organisation, and we know how much pain they are feeling. I absolutely encourage the Scottish Government to use that money to support those industries. It is regrettable that the delay in coming out of the pandemic is cutting into their season. Effectively, they had an extra winter and they are facing yet another winter. If we cannot get people moving and spending money in hospitality and tourism quickly with the good weather coming, we risk giving them another winter to face and they will need that £2.7 billion of support that is allegedly waiting there, according to the report we all read, as a lifeline.

Q53 Sally-Ann Hart: Looking at the 5% VAT rate, will you be looking at extending it or making it permanent? Is that something that you could support? Have you had a thought about that? I have to confess an interest: I am vice-chair of the APPG for tourism and hospitality.

Mr Alister Jack: I am not Chancellor of the Exchequer. I do support it; I have supported it. As to whether or not the Treasury continues with it, Sally-Ann, that is absolutely a matter for the Chancellor and I will not stray on to that territory.

Sally-Ann Hart: Thank you. My questions are done, thank you, Chair.

Chair: I am sorry for detaining you, Secretary of State. I thank you, Secretary of State, Minister and director, for coming along this morning and answering our questions so courteously and respectfully. I apologise for the unpleasant and unfortunate little exchange. Respect and dignity should be at the heart of all our exchanges in this Parliament, and I hope that next time you come to this Committee that is what you will experience.