

Scottish Affairs Committee

Oral evidence: [The work of the Office of the Secretary of State for Scotland](#), HC 46

Wednesday 16 October 2019

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Members present: Pete Wishart (Chair); Deidre Brock; David Duguid; Hugh Gaffney; Ged Killen; John Lamont; Paul Masterton; Tommy Sheppard; Ross Thomson.

Questions 1-67

Witnesses

I: Alister Jack MP, Secretary of State for Scotland, Robin Walker MP, Parliamentary Under-Secretary of State for Scotland, and Gillian McGregor, Director, Office of the Secretary of State for Scotland.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Examination of witnesses

Witnesses: Alister Jack MP, Robin Walker MP and Gillian McGregor.

Q1 Chair: Welcome, Secretary of State. From the Chair and all the Committee, warm congratulations on acquiring your new role; we wish you all the best. I think we would all like to pay tribute to your predecessor, David Mundell, who was a good friend of this Committee. We hope that you will be a regular visitor and attender at our sessions, and I know that you will be following our work very keenly.

For the record, could you introduce who is with you and give us something by way of a short introductory statement?

Mr Jack: Thank you, Chairman. I will do both.

I am pleased to appear in front of the Committee today. I learned in my business career, before coming to this place just over two years ago, that the way to get on and succeed in life is to have the best people around you. Today I have got that: I have the director of the Scotland Office, Gillian McGregor, and Robin Walker, the Parliamentary Under-Secretary of State for Scotland and Northern Ireland.

As you mentioned David Mundell, I would like to be mindful of his last words to the Committee. When he was asked what his advice might be to his successor, in case it was his last appearance, he said, "Always take the Scottish Affairs Select Committee very seriously."

Chair: Good advice.

Mr Jack: I am going to do just that, which is why I am slightly out of breath, having beaten the crowds to get here.

I want to put on the record my thanks to David for all that he did as Secretary of State for Scotland, and before that as Under-Secretary. He put in nine years of very hard work.

Let me say a few words, as you kindly invited me to. In my first few months in the role, and in my time as a Government Whip before that, I have seen the valuable role that Select Committees play in Parliament in scrutinising the work of Government and raising the profile of important issues. I have also seen the constructive way in which you help to inform Government policy and decision making, and we have obviously paid some attention to the reports that you have recently produced.

Turning to today's session, you might understandably be interested in my priorities, in how the Scotland Office operates, and in the work that we have been involved in at the EU negotiations in securing preparations for if we have to exit without a deal. My priorities have been clear from day one: to deliver Brexit on the best possible terms for Scotland and the rest



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of the UK, to defend the Union against those who would want to tear it apart, and to help to grow Scotland's economy, which—I am sorry to say—continues to lag behind that of the rest of the UK.

The Scotland Office has played a key role in that work. My ministerial team has been engaged in a range of EU exit operation meetings. You referred to the XO committee and I will refer to that as we go on in the session, if that is okay. That is looking at key issues around preparedness, but not just that. We have also been working constructively with the Scottish Government on those preparedness issues.

I am conscious that I have to go to Cabinet, so I have shortened my opening remarks somewhat, but I will say I have been very impressed, in my first few weeks in this role, by the breadth of work that the Scotland Office does. That is not just on the EU exit preparedness, which I have been talking about, but a whole range of policy areas such as the city and growth deals. As we prepare to leave the EU, my ministerial team and I, and the Office, will continue to work tirelessly to represent Scotland's best interests in Whitehall.

Q2 Chair: Thank you for your brevity. We understand that you have to get to Cabinet at half past 2, so we will try to be as concise as possible with our questions and I am sure we will have concise responses from you and your team. You are absolutely right that those are the things we wish to talk to you about. We might want to probe you in a bit more detail at a subsequent date about some of the issues, but we will see what we can do with the hour that is available.

You are new to the post, so you will have your own very distinct ideas about what the role entails and your own particular agenda. Perhaps you could start by telling us what that might be. We have just concluded our intergovernmental relations report, which was warmly received by the Scotland Office and by Government—particularly what we said about the role of the Scotland Office and the Secretary of State.

We suggested a proper review of your Office, with a suggestion that perhaps the territorial Secretaries of State and Offices could be merged into one Department, a Department for Constitutional Affairs or Relations. What is your view of that? What do you believe is the role of the Scotland Office, and does it have a useful future as part of the firmament in Whitehall?

Mr Jack: I believe it has a strong future. Clearly, strengthening and sustaining the Union is important. Being Scotland's voice in Whitehall is another key issue. Championing the work that the UK Government do in Scotland is also very important. We believe that our responsibility is to use the levers available to us to create opportunities, jobs and long-term growth in Scotland. Obviously, the current thing is through the city and growth deals that we are undertaking—the £1.4 billion of investment. That builds on the good work that David did before. It is important that Scotland is represented in Whitehall and I would be surprised if anyone thought that was a bad idea.



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Mr Walker: If I may, to follow on from that, having come from a cross-UK Department, but where I had devolution responsibilities, one of the things that struck me when joining the Scotland Office was the amount of expertise specific to Scotland that sits within the Scotland Office, and likewise the Northern Ireland Office.

The devolution settlements are different, and many of the issues affecting each territory and nation are different. There is real value in having those separate voices reflected around the Cabinet table by separate Departments. I can see where the recommendation came from, but from my experience of Government to date, I have seen there is real value in having the distinct voices of each the nations and territories represented and able to make the case cross-Government and in Cabinet committees.

Q3 **Chair:** Let's move on to the review by Andrew Dunlop. I presume that the Government are still committed to that review. One of the remits of Andrew's review would be to look at some of our suggestions and recommendations. Are you saying, therefore, that the review of the Scotland Office will now not be discussed and looked at, or are you still committed to having that review?

Mr Jack: I have met with Lord Dunlop and I have pushed Scotland's interests in the review. I know he has met many other stakeholders and interested parties. His review is across all four parts of the United Kingdom. Some people talk to me in terms of his reviewing just how Scotland operates in Whitehall and vice versa. He is not; he is looking at the whole panoply of issues that run across to Northern Ireland, Wales or England. I will not talk specifically about what I discussed with him.

Obviously, I was pressing a strong case for Scotland, as you can imagine. He was in listening mode; he did not give me any strong opinions one way or another. He is going to publish his review before the end of November and we should not prejudge that in any way, but we will pay attention to the outcomes.

Q4 **Chair:** I think we will probably want a conversation with Lord Dunlop, either when the review concludes or he is in the process of making his recommendations. We spoke to the previous Secretary of State about the Dunlop review and its remit. You have twice already talked about strengthening the Union, which you have every right to do, and obviously that is a function that you see as valuable to the Scotland Office.

Part of the Dunlop review so far, and what seems to be happening, looks very much like a branding exercise. Is that something we should expect more of? I heard you talk the other day about having a Union holiday, and that we should dispense with these pernicious left-wing holidays. I was thinking: what has Christmas ever done to the new Secretary of State? Is that the sort of thing that you are going to start to get into? Should we expect to see a lot more "made in the UK" and Union Jacks everywhere?

Mr Jack: I am thinking of changing my middle name to Union, yes. No; I would add that that is also a glib remark, as was removing one of the left-



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wing bank holidays and replacing it with a Union day. If you remember, I also made a number of remarks that day. It was a panel for the Union at the party conference. There was humour attached.

Q5 Chair: So we are not going to get a day when we can all get Union Jacks out.

Mr Jack: Union day has different meanings in different parts of the United Kingdom. It was, as I say, just a glib remark. As regards the Dunlop review, he is not looking specifically at bank holidays or anything like that. He is looking at the machinery of Government and how it best serves the Union.

Q6 Chair: This is lastly from me, because I know we have a very short time. Could you give us a sense of what other things that review will be looking at? Intergovernmental machinery is big feature. Beyond that, what sort of things should we expect to see?

Mr Jack: I am not being difficult in saying this: it is an independent review. It would be helpful for you to speak to him on that. Do you think that is a fair answer? I think I would be straying into territory and possibly giving you the wrong information. The truth is, in the detail he is going to come up with and the areas where he focuses importance, at this stage I don't know.

Chair: I am grateful. We've got a couple of supplementaries before we move on. First, John Lamont, Deidre Brock and then Paul Masterton.

Q7 John Lamont: Thank you, Chair. First, congratulations on your appointment. I have two very quick questions in respect of your Department's work programme and activity. Currently, the EU and the US are engaged in this tariff war, which is affecting a number of Scottish iconic industries, particularly whisky and textiles, and it is affecting my constituency quite badly. Could you update us on the Department's and Government's work on trying to solve that?

Mr Jack: You are absolutely right that it is a very serious matter to us. We recognise that 18 October is approaching fast, which is the proposed date at the moment for these tariffs. It is worth remembering that this is a dispute between Boeing and Airbus. I think it started in 2004 or thereabouts.

It is very much an EU negotiation with the USA. It is disappointing to me that malt whisky has been carved out for that, particularly because they have even carved out malt whisky in Northern Ireland but not Southern Ireland. Of the initial proposed industries that would be hit, the French managed to remove cognac and champagne and the Italians removed their wine.

The British Government didn't get anything removed. That may say a lot about the state of negotiations between us and the EU at the moment, and the state of play. It also says that, when we finally leave the EU, bourbon is the issue. If we weren't putting tariffs against bourbon, we wouldn't have tariffs against malt whisky. Why do I know that? Because I met with



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the American ambassador on Monday and we had a conversation. He pointed out that whisky and bourbon were part of the disagreement.

As regards the Government's activity, we have raised the matter. I have seen a transcript of a conversation between the Prime Minister and the President of the United States. We have raised the matter. Not only have I written to No. 10 but it has also been raised with the Department for International Trade. And I have written to the American ambassador, Woody Johnson, and subsequently had a discussion with him about it.

John Lamont: Related to that—

Mr Jack: I must apologise: textiles and biscuits were also raised in the letters I wrote—just to be clear. I know textiles is particularly important to your area.

Q8 **John Lamont:** Good. I am reassured.

To go back to whisky, the Budget is coming up and, at previous Budgets, the Scottish Conservatives have been very successful at persuading the Chancellor to freeze duty on whisky. Can you reassure me that you will be doing everything to back up those of us on the Back Benches trying to persuade the Chancellor again that whisky duty should be frozen in the Budget again?

Mr Jack: Absolutely. I think your Budget ask is the same as my Budget ask, which is that whisky duties should be frozen.

Q9 **Deidre Brock:** Secretary of State, welcome to your new role. I want to ask about something that I have been asking about for some time now—social media and communications from the Scotland Office. We have, of course, noticed that there has been a 655% increase since 2010 in your communications costs, for the team, and there has been a 15% increase since 2017-18, so that's nearly £100,000 since 2017-18. Could you just run us through the reason for that increase, given the concerns that have been raised in the past on this issue?

Mr Jack: The increases are because we are trying to better communicate with the public. The work that the UK Government are doing in Scotland is part of strengthening the Union, and we feel that's very important. And although we are spending £678,000, it's still considerably less—

Q10 **Deidre Brock:** It is more than that. Sorry, but it was actually £819,640—that was the figure forwarded to me—in '18-19.

Mr Walker: That is with staffing costs included.

Q11 **Deidre Brock:** Well, that was the answer I received from the former Secretary of State.

Mr Jack: Okay. All I would say is that the Scottish Government spend more; it's a fraction of what they are spending. We completely understand why they would want to spend that money; I have no criticism of that. But equally, it should be respected that we want to spend the money to get our message across.



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Q12 Deidre Brock: I see. Are you equating a Department with a Government and all the responsibilities that go with that?

Mr Jack: I am equating the United Kingdom Government's good work and efforts with those in Scotland, yes.

Q13 Deidre Brock: Okay. I have to say that there are a number of people who are rather concerned by that spend.

Gillian McGregor: Could I clarify the figures, for the record?

Deidre Brock: Yes please, because that was the one we received.

Gillian McGregor: The figure of £819,640 is the spend for the overall communications staff in the office. The amount that we have spent on digital, in 2018-19, is £58,045. That has gone up since previous years. I think that reflects the fact that we are using it more and we are pushing out public information messages on a variety of issues that are important to people in Scotland, like pensions and EU exit. There is a whole range of messages across the whole of the UK Government.

Q14 Deidre Brock: So the increase to £819,000 represents another member or two of staff, perhaps, who have been taken on.

Mr Jack: Can I go back? I gave you a figure, and it's only my eyesight failing that is the problem here. I said £678,000, which actually was the Scottish Government spend in 2017-18. Our spend was just shy of £25,000. That is why I said it was a fraction of the amount.

Q15 Deidre Brock: Again, I would argue that a Government has a rather more serious role to play in getting out messages of this sort.

Mr Jack: And I would argue that this is the United Kingdom Government.

Q16 Deidre Brock: Can I ask about micro-targeting of social media ads? This is also something that I have been asking questions about. I discovered that the Scotland Office is micro-targeting social media ads at specific demographics and social groups, and the Scotland Office has come under quite a lot of criticism for political bias as a result. Is the Scotland Office still doing that micro-targeting?

Mr Jack: Well, we don't accept that argument.

Q17 Deidre Brock: Are you still doing micro-targeting?

Mr Jack: I don't accept that we are being political in any way. The Scotland Office is acting strictly within the civil service rules.

Q18 Deidre Brock: Okay, thank you. Lastly, at this point can I ask why the Scotland Office spends a significant amount on social media, as Ms McGregor just acknowledged, and the Wales Office spends nothing?

Mr Jack: They are less ambitious than us for the Union, obviously! We take it very seriously and we want to promote the good work that we do. There are a lot of things—whether it is Type 31 frigates at Rosyth, £211 million for Scottish farmers, or the COP 26 coming to Glasgow. We want



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people to know about the good things that this Government are doing for the United Kingdom.

- Q19 Deidre Brock:** Sorry, Secretary of State, but are you seriously saying that the Secretary of State for Wales is less ambitious for his area than you are?

Mr Jack: No, that was a flippant remark; I won't take it too seriously. But as to what the Welsh Secretary does and how he chooses to do it, that is a matter for him. All I am saying is that we take it very seriously—promoting the United Kingdom Government in Scotland.

Gillian McGregor: In fact, the digital team recently visited the Northern Ireland Office, to share information about how we are doing digital work—

- Q20 Deidre Brock:** I remember you said that, yes.

Just one last question, please, very quickly: can I ask, Secretary of State for Scotland, so that everyone—including the taxpayer—can be certain that they are getting the best value from your activities in this area: will you publish the scoring and evaluation of your Department's social media advertising campaigns, as other Departments, such as the Ministry of Housing, Communities and Local Government, have done?

Gillian McGregor: We are regularly evaluating the outcome; I can certainly look into that. But as you will appreciate, the information is going out to very, very wide audiences and part of the evaluation is the amount of coverage we get. The number of hits that we get on our messages—bear in mind that these are important public relations and information messages—is very high. So we consider that people are interested in what we are telling them—

- Q21 Deidre Brock:** If they are so impressive, I wonder whether you could commit to publishing them.

Gillian McGregor: We could certainly look at that. I'll speak to the team about that and we'll come back to you.

Deidre Brock: Thank you.

- Q22 Paul Masterton:** I welcome the Scotland Office rapidly increasing the promotion of the work that the UK Government are doing for Scotland. The UK Government are completely legitimate in their role as one of Scotland's two Governments and it is absolutely right that they promote their work.

During the Conservative leadership campaign, Secretary of State, you will remember that the Prime Minister, as he is now, made commitments in relation to the setting up effectively of a unit within Downing Street that would try to look more closely at a cross-governmental level at how our policies are introduced and would interact with asymmetrical differences in the devolution system. Are you able to give an update in terms of that unit having been set up, and say how your hourly interactions as a Department have worked with that unit?



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Mr Jack: Regarding the unit for the Union that you are referring to, which has been set up, the Prime Minister has styled himself Minister for the Union and he is absolutely committed to the Union, as you know, and that is why he has created this team of officials.

Their job is to work across Government, and that includes the Scotland Office, and they want to stress-test all policies against the devolved settlement. Also, they want to make sure that the good work that is being done—the policies that are being introduced—will affect Scotland, or Northern Ireland, or Wales—it is a unit for the Union; it is not a unit for promoting Scotland in the Union, and we have to be clear about that—and that the full benefit of that reaches those parts of the United Kingdom that are benefiting.

That said, my Department still remains a key factor for Government Departments in Whitehall when they want to discuss things that are in Scotland's interests or how their policies might affect the devolved settlement. They will speak to the Scottish Government and they will speak to our officials, and very often our officials are working with Scottish Government officials. One of the things that I have found to be a particularly smooth part of the machine is civil servant engagement between the Scottish Government and the Whitehall Government.

That is only backing up the unit for the Union, but the unit for the Union is trying to pick up and make sure that no balls are dropped, in short.

Mr Walker: If I can just add to that, I have met the No.10 Union unit to discuss matters of departmental policy, both for the Scotland Office and the Northern Ireland Office, and I think that in both contexts a lot of what they are doing is increasing our reach across Government, when it comes to magnifying some of the messages that we would be sending anyway as a territorial Office, and making sure that those are taken up to the top level. So I think it is very complementary to the role of the Scotland Office and its Ministers.

One example of that would be on the whole conversation about the UK shared prosperity fund and the way in which that is developing. I think the Union unit is listening carefully to what we have to say and that is very much complementary to what the devolved Administrations themselves are saying about the importance of the UK shared prosperity fund reaching every part of the United Kingdom.

Chair: We were going to come on to IGS, but did you want to ask a quick question, Hugh, on this?

Q23 **Hugh Gaffney:** How often are you meeting each other? How often is each Government meeting? Is it a weekly event or a monthly event?

Mr Jack: Last week, it was three times, but it is absolutely monthly. It is not every week, but the communication would be weekly, either through the XO committee or other forums that are available, or through JMCs. There is a lot of contact, and there is probably more contact at official level, if I can say—

Hugh Gaffney: That's what I was looking for.

Gillian McGregor: At official level, I would say the interaction is practically daily. I would certainly speak to my colleagues in the Scottish Government at least once a week, sometimes more, and there are other meetings ongoing on things like frameworks and legislation that are just ongoing. It is part of our fabric to be talking to Scottish Government colleagues all the time.

Q24 **Tommy Sheppard:** Good afternoon and welcome. I want to go back to the matter of intergovernmental relations, which has exercised this Committee quite a lot over the last 18 months. You may be familiar with our discussions and report. The Cabinet Office is currently undertaking a review; has there been any progress beyond the adoption of the high-level principles in July, and what is the role of your Department in that review?

Mr Jack: I had a quad meeting, effectively. The four nations met with the Chancellor of the Duchy of Lancaster the week before last, possibly last week—it all becomes a bit of a blur these days, but very recently—and we were discussing progress on that. I think substantive progress has been made since July, certainly at official level. We have discussed it; it has been raised twice at JMCs, and the Chancellor and the Prime Minister have confirmed that they intend to bring forward a package of proposals before the end of this year.

Q25 **Tommy Sheppard:** Before Christmas?

Mr Jack: Before the end of 2019. They are developing a package of reforms.

Q26 **Tommy Sheppard:** Which will be published?

Mr Jack: My understanding is that their proposals will be brought back to all Administrations before the end of this year. It is an all-Administration process.

Tommy Sheppard: We wait to see that with interest.

Mr Jack: I am glad I have cheered you up with some news.

Q27 **Tommy Sheppard:** In terms of one specific that they may be looking at, we have previously expressed concern about arbitration when there is a difference of opinion, and argued for the need for a third-party arbitration process, something that your predecessor did not commit to but said he would have a look at. I am wondering if you have a perspective on that, and whether or not that is going to be something that the review is likely to report upon.

Mr Jack: The new dispute resolution process is something that is quite high on the agenda now. Before I come to answer the last part of your question, the disputes between Governments are rare; we should put that on the record. I think, in 20 years of devolution, there have only been four disputes of any significance between Administrations. Obviously, our prime



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focus is to avoid disputes between all Administrations, but as regards the introduction of an independent or third-party involvement in that process, our current plans are to propose that that should be the case.

Chair: That is interesting, and we very much look forward to it. That is speedy progress from—

Mr Jack: We're not hanging around.

Chair: —the agreement of high principles to actually having a paper. I am pretty sure this Committee will be very interested to see that once it is actually published.

Q28 **Tommy Sheppard:** Minister Smith told me at her last meeting before she moved on that there was no timetable or deadline that she was working towards.

Chair: There we go; speedy progress indeed. Speedy Jack, we will call you.

Mr Jack: I prefer Union Jack, but we will stick with that.

Chair: There are lots of things, but did you want to come in on this one?

Q29 **Paul Masterton:** Very quickly. One of the things that your predecessor used to say is that he used to find in private, actually, intergovernmental relations were very strong, but obviously often after these meetings, individuals would leave to present their political spin on the meeting. I wondered if you find that day-to-day working relations are very good.

Mr Jack: You raise a very good point. My experience in discussions with the Scottish Government in the XO Cabinet Committee, for example, which we will not go into the detail of, is that I find myself to be pretty much on the same page as them on pretty much everything and I find them to be very focused on the right things. I find the Scottish Government to be very helpful and caring about the right things for Scotland. It would be wrong of me to say otherwise; that is absolutely the case. On the JMCs, I did comment after one of the JMCs to Mike Russell that we agreed on rather too much, and he said, "That makes me somewhat nervous." On the things that matter—the substantive issues for Scotland—we were absolutely on the same page.

Now, we do come out and tear strips off each other and that is disappointing to me, but, to be honest with you, we both do it, so it would be wrong of me to say it was one-way traffic. It seems to be the nature of politics that we have to be adversarial, for the simple reason that the Scottish Government have one major difference with the UK Government, and that is that they want to separate Scotland from the United Kingdom and we want it to stay part of the United Kingdom, and on that we disagree. Therefore, inevitably, we come out in public and say those things. Behind closed doors, I have found the people I have engaged with to date to be perfectly reasonable. I haven't had any arguments with any of them.



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Mr Walker: In my experience of attending three years of JMCs and ministerial fora between the different Administrations, there have of course been times when personalities have clashed and at which the political differences between us have come to the fore, but there has been an underlying constructive relationship throughout. The Ministerial Forum was a very good example of where the politics was very much put to one side and we were able to work very constructively and along very sensible lines with different devolved Administrations, with completely different political objectives, recognising that there was important work to be done. I think sometimes the contrast between what happens in a room and some of the public perception on the outside is quite stark.

Chair: After that love-in, we get to a place where there is the potential and possibility of disagreement and dispute—Brexit. John Lamont will lead on that.

Q30 **John Lamont:** The Government are working very hard to secure a Brexit deal. I wondered if you could outline the advantages to Scotland of ensuring that the UK leaves with a deal as opposed to not securing a deal.

Mr Jack: The advantages to Scotland of the UK leaving with a deal as opposed to not securing a deal are the same as the advantages to the whole of the United Kingdom. There is no doubt in my mind that we should be endeavouring to do so. We certainly have been since I joined the Cabinet—all Cabinet meetings have focused very much on getting a deal and delivering a deal for the whole of the United Kingdom.

Each part of the United Kingdom has concerns. We know what they are. In Scotland, we have recognised them; we are in agreement with the Scottish Government on them and we are focusing on mitigating them, whether that is around sheep meat or live shellfish crossing the short straits. We are coming up with solutions to those problems in terms of mitigation.

I finish by saying that leaving with a deal will be infinitely better than leaving without a deal—I have never denied that—but leaving without a deal will not necessarily be the disaster scenario that many people say it will be. I will justify that point. There have been more than 60 XO meetings, and over the last three months we have really focused hard on looking at those risks. We have mitigated a lot of them. We are very much down to a small percentage of issues not dealt with and focused on. That Committee is chaired quite brilliantly by Michael Gove and, day by day, there is no doubt in my mind that those risks are reducing all the time.

We should prepare for no deal. Article 50 usurps the Benn Act to ask for an extension; we can ask for an extension if it comes to that, and that is what the law says but, under article 50, one of our European partners could very well use their veto and we would find ourselves leaving on 31 October. To not have prepared to the extent we have would have been utterly irresponsible.



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Q31 John Lamont: So for those MPs who express a concern about no deal, do you agree with me that the best way to avoid a no-deal Brexit is to support a deal?

Mr Jack: I think you have hit the nail right on the head. If a deal comes forward—we are not there yet—the best way to avoid no deal is to support a deal. There is no question about that. If you do not support a deal, the risk remains that no deal could be thrust upon us. Even if we have asked for an extension, we could still find ourselves in no-deal territory.

Q32 John Lamont: Clearly, we do not know the detail of any deal yet, but there is speculation that there might be some sort of different arrangement between Northern Ireland and the rest of the UK in particular. How might that impact Scottish business? Have the Government done any assessment of that? Is there any support available for Scottish businesses to manage that, if indeed that becomes the reality?

Mr Jack: The detail on that is not available yet, but I have sought assurances that Northern Ireland will remain in the UK customs union and therefore able to engage in UK trade deals. That is very important. I am also very keen to see us out of the common fisheries policy in December 2020. I have made that point very strongly, because I think there is a huge benefit for Scotland with rebuilding our coastal communities and increasing the fishing industry. As to the more detailed parts of what you are asking, I simply don't know the answer, I'm afraid. The devil will be in the detail, and the detail is still being discussed.

Q33 Chair: I was quite surprised that you repeated the comment, which I have noted down here, that it would not be seriously damaging to leave with no deal if we did it properly. That sounds entirely complacent, if you don't mind me saying so, Secretary of State.

Mr Jack: Well, I would—

Chair: Let me finish. We know that this will have a disastrous impact, with serious consequences for every constituent that we around this table serve. It will have an impact of £2,300 per person, per year, with £12.7 billion taken out of the Scottish economy—and you're saying, "It's all right; don't worry about it."

Mr Jack: There are many predictions being made around this, both good and bad. What I learned at the Treasury Committee was that the one thing you can predict with great certainty is the unreliability of predictions.

Chair: So how much—

Mr Jack: I am just being clear about this, Chairman. It was a democratic mandate—the largest ever—to leave the EU. We are trying to deliver on that. We are mitigating the risks in front of us. Those predictions that were made some time ago would not stand up today, because on a whole raft of things—medicines, and on it goes; I am not going to bore you with the detail—we have solutions and failsafe solutions in place.



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Q34 **Chair:** We haven't got much time. Do you have figures about how much this will impact Scotland economically?

Mr Jack: If you could explain to me how that economic impact is going to happen. If it is migration and industries, there will be three years of leave to remain, even in a no-deal Brexit, for members of the EU still to come to the UK. It is not like, while we put a new migration policy in place, we are going to suddenly see a collapse in our food processing industries or all those other things that have been predicted. With the arrangements that have been put in place, those things will not come to pass.

Chair: We will come on to that in detail, but Ged Killen wants to come in.

Q35 **Ged Killen:** Thank you, Chair. If we could leave to the side for one moment the potential economic consequences of a no-deal Brexit and focus on the political consequences, you said earlier that the Prime Minister is committed to the Union and you called yourself Union Jack. Given that Scotland voted to remain in the European Union, how good would it be politically for the Union if we left the EU without a deal?

Mr Jack: If we leave the EU without a deal, we have to have prepared for those things and we have to make sure that the economic impact is reduced as much as we can. I have said in the past there will be bumps in the road. I recognise that, but we also have to look upon what we can achieve. If we leave the EU without a deal, things will settle down very quickly. Business always finds a way through. It is not going to be the case that people aren't going to run their ferries, because ferries are leased and have to be paid for, therefore you run them. It is not that hauliers are going to stop running their trucks; trucks are leased or financed and have to be paid for. The wheels of industry and commerce will carry on turning.

Q36 **Ged Killen:** Forgive me; I am not talking about the economic impact. I am talking about the potential political impact. Are you saying you do not think a no-deal Brexit is a gift to the Scottish National party?

Mr Jack: I think that if there is a no-deal Brexit, and the economy carries on to prosper, and we take control of our fisheries and fishing waters, then if the Scottish National party want to leave the UK—which is worth more than three times more in terms of trade and jobs to Scotland than being a member of the EU—that will be a difficult argument to sell. If they want to leave the UK to join the EU and the euro, I say to people, don't take your pension and your wages, but remain with the pound; I think you'll be better off. We have already had the First Minister say that there is a risk of a hard border. I think that would be very difficult to get round. It is an entirely different situation from Northern Ireland. Given the strength of our fisheries, the idea that we would go back into the EU and give them our fishing waters would be a hard sell. Once we get over the initial shock of leaving, we would begin to sell the benefits of remaining in the United Kingdom.

Q37 **Hugh Gaffney:** If you talk about no deal, your PM wants to shift the UK away from the EU standards on workers' rights and health and safety.



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Have you spoken to the STUC or any trade union?

Mr Jack: I don't agree that the PM wants to make any of those standards lower. In the conversations that I have had with him, he talks about equivalence, meaning equivalent or higher standards, not reducing standards. It is the same with animal welfare and many other things. We want to be equivalent or higher than the standards in the EU.

Q38 **Hugh Gaffney:** Has there been any discussions with the STUC or any trade union?

Mr Jack: Not that I have had. As to other parts of Government, I don't know, but I certainly haven't had any.

Chair: We are still on no deal and voting for it or not.

Q39 **Ross Thomson:** Welcome, Secretary of State. It is great to have you. You said in your opening remarks that there had been collaboration between your Department and the Scottish Government. Can you talk us through some of the work that you are doing with the Scottish Government around no-deal prep? Obviously, you have talked a lot about what you are doing and the XO Committee. What work are you doing with the Scottish Government to ensure that Scotland is prepared?

Mr Jack: The work with the Scottish Government is going on at official and ministerial levels. The Scottish Government are engaged in XO Cabinet meetings. We are focusing on the areas that we have identified under Yellowhammer as areas of risk, and we are working perfectly well through those. I think there is only one area that had been raised by the Duchy of Lancaster as a concern last week, which was around how much of the no-deal prep money was being spent by local authorities on environmental health officers, and how many extra ones we would need, in the event of a no-deal Brexit, to provide environmental health certificates for fish and other seafood products. That needs a bit of attention. But in the main, whether it is extra vehicle capacity at Stranraer for the Cairnryan ferry or discussions around the sheep meat industry, we are in agreement, and plans are basically in place.

Gillian McGregor: At the official level, there are lots of regular meetings with the Scottish Government to ensure we have a shared understanding of what the particular interdependencies are with Scotland. That is probably an area where the Scotland Office is able to add value, because we can provide the links between the Scottish Government and Whitehall Departments where those don't exist already, to talk those things through. The Scottish Government are also hardwired into the Yellowhammer apparatus, as are the Welsh Government.

Mr Jack: And a lot of money has been made available to the Scottish Government—and more money has been made available this week.

Q40 **Ross Thomson:** You mention the money that has been made available. It was reported in July that out of the £37.3 million that the Scottish Government had received for no-deal preparations, £10 million actually went into departmental spend; £4 million of that alone went into the



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environment and climate change Department. Do you think that there is a role we can play, or anything that you can do to engage with Ministers, to ensure that, as much as it is a decision for the Scottish Government—politically they may not want to be in a no-deal situation, but as you said yourself, it is prudent to prepare for any eventuality—the money is getting spent where it should be, that industries are prepared for no deal, should it happen, and that jobs are protected?

Mr Jack: The answer to that is no. With the £138 million—the Barnettised money—it is entirely up to the Scottish Government how they spend it. However, the operational contingency fund, which is another £20.2 million this week, is ring-fenced for mitigating specific no-deal scenarios.

Q41 **Ross Thomson:** Do you think that the Scottish Government have done enough to prepare for no deal?

Mr Jack: I think that they have done an awful lot to prepare for no deal. However, there are a few areas of concern. I mentioned one a moment ago about environmental health officers; I think more needs to be done around that area if we move towards no deal. But I go back to a point that I made earlier to the Committee, which is that in the XO meetings and other meetings that we have had, we have been agreeing Minister to Minister on what the issues are and how best to tackle them. As for whether we have enough environmental health officers in place, and how that is pared down through the system, that is a separate matter. As I say, that is a concern for the Chancellor of the Duchy of Lancaster and for me, but there is no doubt that the Scottish Government Ministers understand where the risks are—we agree where the risks are—and they are working towards improving.

Q42 **Ross Thomson:** On money to local authorities, it was reported the other week that about £50,000 has gone out to local authorities across Scotland. I know that Aberdeen City Council and Aberdeenshire Council, for example, have asked for money.

Mr Jack: This is the point that I am talking about.

Q43 **Ross Thomson:** Would you be willing to engage with local authorities yourself if they feel that they are not getting anywhere?

Mr Jack: Unless someone wants to correct me, I think that under the devolved settlement we simply cannot, and we have to respect that at all points. Part of my role as Secretary of State is to be a custodian of the devolved settlement, and we are not going to run a coach and horses through it; we simply cannot do that. We can raise issues where we are concerned about them, but we must not cross the line.

Chair: We have a number of supplementaries. We will get to you, John, but Deidre has been waiting patiently.

Q44 **Deidre Brock:** I want to ask about the mitigating actions being taken. The EU clearly agreed listed status for animal products a day or two ago, which is certainly good news, but in terms of the mitigating actions that you are looking at, the head of Scotland Food and Drink warned that the



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health certificates for animal products would immediately rise from 15,000 per annum to 100,000 per annum after a no-deal Brexit, and that the system to certify Scotland's food exports would collapse. One of the big reasons is that they simply do not have the vets on the ground. Seafood and red meat, particularly venison, would be most affected. I realise that he is one of those experts who the Chancellor of Duchy of Lancaster has been so scathing about in the past, but could you give us some response to his views?

Mr Jack: This is the point that I have just raised with Mr Thomson. It is very straightforward: the area where we are concerned is EHOs. We think—well, we know—that there is a weakness in the whole system, and the weakness is around that. A lot of money—£138 million—was made available for Brexit preparedness, and we feel that not enough money has been paid through to local authorities to prepare for this eventuality. It is not one that—

Q45 **Deidre Brock:** Isn't that avoiding the issue, which is that a vet takes around seven years to train?

Mr Jack: I have known about this for three months now, since I came into the job—it was one of the things that was highlighted to me. I have highlighted the fact that there is a risk there, and it is something that needs to be addressed with some urgency.

Q46 **Chair:** I am just wondering how £138 million compares with the £12.7 billion that might be the impact of Brexit. It is nothing, really, is it?

Mr Jack: I am not sure what your point is.

Q47 **Chair:** I am just saying that it has been calculated that the economic cost of a no-deal Brexit to the Scottish economy could be £12.7 billion. That is what I am getting at.

Mr Jack: Some people have calculated that there could be a benefit through taking control of our fisheries back to the Scottish economy. There are predictions—I have seen good predictions and bad predictions—but the £138 million, Chair, is entirely to mitigate the cost to the Scottish Government of preparing for a no-deal Brexit.

Q48 **Hugh Gaffney:** I have tabled a written question about the impact of a no-deal Brexit on food poverty levels in the UK. To date, I have not received any reply, which suggests that the Government have not got a clear indication. Have the Government undertaken an impact assessment of a no-deal Brexit on food poverty levels in Scotland, or are we just going to get fed fish?

Mr Jack: No. The tariff schedule that has been set—if you look at it in some detail, you will see—is to ensure that the cost of food does not rise. In fact, in some cases the cost of food should come down. It is absolutely about not increasing the cost of food. I would advise you to look at the tariff schedule that was produced—the day-one tariffs. It is quite clear that that is entirely structured to protect the consumer.



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Hugh Gaffney: I will resend the letter, and maybe I will get a reply.

Mr Jack: Did you send the letter to me?

Hugh Gaffney: No, it was sent to the Government. I'll send it.

Q49 **John Lamont:** To follow up on the amount of resources that has been made available to the Scottish Government to prepare for Brexit, some estimates suggest £100 million has been handed to the Scottish Government through Barnett, and maybe only £2 million of that has actually reached local authorities.

Mr Jack: I can say that £138 million has been handed over under the Barnett formula, and another £20.2 million under the operational contingency fund.

Q50 **John Lamont:** And how much of that do you think has actually reached Scottish councils, to help? Obviously, the councils are involved in the frontline planning.

Mr Jack: Our understanding—it is very hard for us to wade in on the numbers, which they don't have to give us—from what local authorities and COSLA are suggesting is that the answer is: not very much of it.

Q51 **John Lamont:** That means—just so I am clear in my head, and forgive me if this is a Noddy question—that money has been handed to the Scottish Government to help Scotland prepare for Brexit, but the Scottish Government has decided to retain it for other purposes.

Mr Jack: Some people are certainly saying that, yes.

Q52 **Chair:** Can I just ask—we have a little more time before you have to go—about the shared prosperity fund? What progress has been made, and when are we likely to see the conclusion of the proposals? When is it going to be published?

Mr Walker: To be honest, I would rather we had more detail on that at this stage. It is still internal work going on in Government. It is something on which we have been pushing hard. As far as I understand—certainly from the conversations we had last week at JMC(E)—our asks are rather similar to the Scottish Government's in this respect. It is a process that is being led by the Department for Communities and Local Government and will obviously need Treasury input. We are waiting for the outcome of that process.

Q53 **Chair:** So you can't tell us when we can expect to see this at all?

Mr Walker: I can't, but I think we are expecting something towards the end of the year. As I say, I would personally be keen to see it even sooner.

Mr Jack: It is a serious workstream for us. We want to get our heads round the numbers behind it, because it is something that is coming out of EU funding arrangements for the UK, and there is an impact on the four parts of the UK. We want to ensure that Scotland is getting her fair share.



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Q54 Chair: There was conversation—I think it was around August—about the UK Government having a bigger say in how money is spent across Scotland. Is it still the plan of the Government to get involved in areas of devolved spending?

Mr Jack: There was mention in the Queen's Speech of large infrastructure projects across the UK, and spending in that regard. As regards the spending of the shared prosperity fund, it is absolutely the case that the UK Government wants to work in collaboration with the Scottish Government on that. Let's be clear: we will respect devolved areas.

Q55 Chair: How does that work? Could you give us an example of the type of spend that you have in mind, if it is to be across devolved areas but not impact on the responsibilities of the Scottish Government?

Mr Jack: Until we have the legislation for the shared prosperity fund and know what the parameters are, I think we should discuss that at a future meeting. As I say, it is still work in progress.

Mr Walker: There is a good example of the UK Government investing alongside the Scottish Government in the city and growth deals. That shows that you can invest, with both Governments taking responsibility for the areas for which they are responsible. That perhaps sets a useful precedent, which could allow both Governments to play a role in the UK shared prosperity fund as we move forward.

Q56 Chair: With all due respect, that is an agreed position by both Governments. This seems to be an imposition by the UK Government to interest itself in areas of devolved spending.

Mr Jack: I wouldn't go on to that territory just yet. The devil is in the detail, and the detail is still being debated.

Q57 Chair: I think we need to have a proper conversation about these issues, because this seems to be not particularly well thought out. We don't know when this is going to be published, and we don't know how it is going to impact on Scottish spending, so we need to revisit this at some point.

Mr Jack: Correct. If we move, hopefully, to a deal this week that everyone can support, and then into an implementation period before we leave the EU, we have time enough to address this matter.

Q58 Paul Masterton: This is a quick follow-up. I and others have concerns that the shared prosperity fund will end up basically becoming an England-only fund, and will then be Barnettised. It seems to me that part of the responsibility of the shared prosperity fund should be to look at some UK-wide strategic investments that either through agreement touch on devolved areas but are funded by the UK Government centrally, or are within reserved areas but have a UK-wide context. I appreciate that you are saying that it has not finished being designed, but can I stress that I would not want to see an England-only fund? That would be a big wasted opportunity to tackle some really big, UK-wide, strategic, important projects.



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Mr Jack: And that is why I referred to the infrastructure projects in the Queen's Speech. I agree with you on that, and I think that many others would, too. It is important that the benefit from this prosperity fund goes across the whole of the United Kingdom, and there are many ways that that can happen. We are slightly putting the cart before the horse, because the new Government—the Government that came in in July—is revising it and looking at how best it can be used to benefit the whole of the United Kingdom.

Mr Walker: I totally agree with you: it couldn't possibly be an England-only fund, and it would be absolutely wrong for it to be. If you look at the impact of EU structural funds across the different parts of the Union today, it is very clear that whatever replaces them will need to invest across those different parts of the Union to a significant degree. I don't think there is any question of it being an England-only fund. That is certainly something that we would be pushing very strongly against, but it is not something that I have ever heard suggested.

Q59 **Chair:** Lastly, I want to finish on probably a more consensual note: the success of the city region and growth deals. I think we are all agreed that they have been fantastic. Looking round the table, I think all of us are covered by some sort of deal. There is a commitment for the whole of Scotland to be covered by one of these growth deals. Could you maybe give us a sense of the timeframe for agreeing deals in the areas that are not currently covered?

Mr Jack: I agree with you. I give credit to my predecessor, the Scottish Government and local authorities in Scotland on this. I recently announced £25 million for Argyll and Bute. That leaves only two areas now: the islands and Falkirk. We are very close to agreeing those funds with the Treasury, and I would expect the announcement—rather like the one that I gave to Mr Sheppard earlier—to come certainly before the end of the year.

Chair: Before the end of the year?

Mr Jack: Yes.

Chair: I know you have to go, Secretary of State. Unless there are any final questions from anybody on growth deals—

Q60 **Hugh Gaffney:** A quick one. I've got the Scottish Crime Campus in my constituency at Gartcosh. How would a no-deal Brexit impact on the policing capabilities—in other words, Europol and the European arrest warrant? Will all that stuff still be available?

Mr Jack: The plan is still to share data on crime. I have to go to Cabinet, so I am going to hand over to Minister Walker, if that is okay.

Chair: First, Secretary of State, thank you ever so much for your first meeting with the Scottish Affairs Committee. We look forward to many more with you.



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Mr Jack: Can I just say that it was a much more pleasant experience than I expected?

Chair: We are always pleasant in the Scottish Affairs Committee. Perhaps Mr Walker and Ms McGregor can stay. I know there are a couple more questions.

Mr Walker: On the issue of policing, a deal where we add full security co-operation is clearly better for all police forces than a no-deal scenario. That is the first thing I would say. Of course, there are contingency plans and fall-back options available for police forces. Those have been discussed at XO, and I cannot go into the full detail of that, but it is certainly something that I know the Scottish Government have been engaged in the conversation on, and it is something that we have also discussed at JMC(EN) with them.

Q61 **Deidre Brock:** I have a couple of questions in relation to the letter you sent in response to the questions I asked, Ms McGregor, about freedom of information requests and the transfer of records. You say in your letter that you conclude that you do not have the resources to routinely publish online responses to FOI requests. Before August 2014, I think, it is the case that you did. I am just wondering why you could not use some of those extra comms staff to dig around and find a few questions and answers and then publish them on your website.

Gillian McGregor: What we have concluded is that it is not cost-effective to be publishing—and that must not be confused with answering our FOI requests, because we have a very good record on that.

Q62 **Deidre Brock:** I am not confused at all. It is simply about publishing them on your website, which you used to do.

Gillian McGregor: In fact, we are one of the best in Government for answering our FOIs, which is good. In terms of publishing them, we have agreed, as I said in the letter, that where we have an FOI in which we think there is a wider public interest, we will publish them. A lot of our FOIs are FOIs that have gone to lots and lots of different Departments; they quite often cover things that are already in the public domain, such as ministerial salaries, so we are not sure of the extra advantage of publishing those, or things such as how much we have spent on Christmas decorations, which may not be in the wider public interest.

Q63 **Deidre Brock:** I just do not see, given that the taxpayer is paying for your Department, why you get to decide what is a matter of wider public interest—you, or the Secretary of State; I am not sure how this works. It just seems strange to me that other Departments can do this, and that your Department used to do so before August 2014.

Gillian McGregor: The number of FOIs has increased. We are a very small Department. I should stress, again, that we do answer our information requests.

Q64 **Deidre Brock:** For me, that is not actually the issue. It is simply being transparent about the questions and the answers, and publishing them so



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that everyone can see what is being asked.

Mr Walker: It is important that all Governments and Government Departments respond to FOIs within the legal framework. I think the Scottish Office's response rate is 98.5% within the 20-day target.

Deidre Brock: That is not the issue.

Mr Walker: That compares with the First Minister of Scotland's office, which has a 50% rate, which was recently criticised by the Information Commissioner's Office.

Deidre Brock: That is not the issue, again.

Mr Walker: I think that is an issue. It is important that our Department is one of the top-performing Departments in Whitehall when it comes to responding to FOIs. The nature of the publication of that has to be an internal decision, which is reflected in the law.

Q65 **Deidre Brock:** We will see what the taxpayers say about that. Can I ask a simple question, Ms McGregor? You say that the Scotland Office is not covered by the Public Records Act 1958 and the subsequent legislation that regulates the management of records of UK Government Departments. Can you just explain why that is?

Gillian McGregor: We do comply with it, however. We are in very close contact with the National Records of Scotland on our files, so we comply with the provisions of the Act.

Q66 **Deidre Brock:** Historically, what is the reason for it not being covered by that Act?

Gillian McGregor: I am afraid I don't know the answer to that. I don't know why we have not been covered by it; the fact is that we are not, but we comply with it.

Q67 **Deidre Brock:** Might it be possible for you to try to find out for the Committee? I would be very interested to know.

Gillian McGregor: Certainly. That goes back some years, so—

Deidre Brock: I appreciate that, but it just seems odd.

Chair: We are going to have to wrap things up, because we have to go into private session; I know Mr Lamont has to leave us soon, and we have some business that we have to conclude. Thank you both very much for attending today. I think there were a couple of bits of information requests, and I am sure you have taken a note of them, Ms McGregor, and they will be supplied in good time to the Committee. Thank you for your attendance today.