Introduction

While Scotland goes to the polls to vote for or against independence, other regions and cities in the UK are calling for more powers to be transferred from Whitehall.

This briefing broadly sets out the powers each of the devolved governments currently holds, as well as London, which has more powers than any other UK city. And it provides a brief summary of the pledges that political parties have made so far to Scotland, Wales, Northern Ireland and London in the run-up to both the Scottish referendum and the general election in 2015.

What powers do the Scottish, Welsh, Northern Irish and London governments already have?

The devolved governments of Scotland, Wales and Northern Ireland have many powers in common, including over health, social care, primary and secondary education, agriculture and the environment. Other spending powers and policy functions such as justice, policing and courts, have been devolved to different degrees. Despite all being primarily funded through block grant from central government, the most significant differences appear in fiscal powers: the extent to which they can raise and spend taxes.
Table 1: Mapping powers, flexibilities and policy responsibilities

<table>
<thead>
<tr>
<th></th>
<th>Scotland</th>
<th>Northern Ireland</th>
<th>Wales</th>
<th>London</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>Partial</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Taxes (local)</td>
<td>Full</td>
<td>Full</td>
<td>Partial</td>
<td>None</td>
</tr>
<tr>
<td>Borrowing</td>
<td>Partial</td>
<td>Partial</td>
<td>Partial</td>
<td>Partial</td>
</tr>
<tr>
<td>Policing and justice</td>
<td>Full</td>
<td>Full</td>
<td>None</td>
<td>Partial</td>
</tr>
<tr>
<td>Welfare</td>
<td>None</td>
<td>Partial</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Transport</td>
<td>Partial</td>
<td>Full</td>
<td>Partial</td>
<td>Partial</td>
</tr>
<tr>
<td>Housing</td>
<td>Partial</td>
<td>Partial</td>
<td>Partial</td>
<td>Partial</td>
</tr>
<tr>
<td>Skills</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
<td>Partial</td>
</tr>
<tr>
<td>Primary &amp; secondary education</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
<td>None</td>
</tr>
<tr>
<td>Higher education</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
<td>None</td>
</tr>
<tr>
<td>Health</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
<td>None</td>
</tr>
<tr>
<td>Environment</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
<td>Partial</td>
</tr>
<tr>
<td>Arts and culture</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
<td>Partial</td>
</tr>
</tbody>
</table>

The following sections provide a short summary of powers – including policy priorities and funding – in each region:

Scotland

The Scottish Government can legislate in anything that does not pertain to the powers reserved by Whitehall (defence and national security, foreign policy, immigration and welfare) and holds policy functions in a number of areas. The Scottish Government sets the education curriculum and its universities are free for undergraduates, who are funded by the Scottish Funding Council. The Scottish National Health Service (NHS) is also independently managed, in common with all the devolved nations. In other areas, the distinctions are less clear. Holyrood has control over the road network, bus policy, ports and harbours while Whitehall retains powers over road freight, rail and aviation. Holyrood has no jurisdiction over welfare but was recently given the power to set its own cap on discretionary housing payments – in other words, abolish the bedroom tax – so long as it funds any extra changes from its existing budget.

Scotland has some limited fiscal freedoms, including control of income tax, although it has never made use of this opportunity to vary the rate. The Scottish Government also has full control over council tax and business rates – Scottish Government sets the rate and the rateable value is based on open market value.

In the 2012 the Scotland Act gave Holyrood additional fiscal powers:

- A Scottish rate of income tax (SRIT) which gives Holyrood control over 10 per cent of income tax – due to come into effect April 2016.
- A new Scottish land transactions tax to replace Stamp Duty, and a new Scottish landfill tax to replace the Whitehall equivalent – due to come into effect in 2015.
- The Act also allows for new taxes to be created and further taxes to be devolved in the future and enhances borrowing powers in relation to capital expenditure, up to £2.2 billion accessed via the National Loans Fund.
As an additional source of borrowing alongside the measures in the Scotland Act, in February 2014, Scotland was also given the power to issue its own bonds.

**Wales**

The Welsh Assembly has fewer powers than Holyrood. It can only legislate in twenty areas and does not hold powers on a reserved model as the Scottish Government. As in Scotland, the Welsh NHS is independently governed and the Assembly has powers over schools and further education. But the Welsh Assembly has no powers over policing and justice and only limited powers over road and rail transport, for example. It has no jurisdiction over public transport policy, rail and bus regulation, rail investment or contractual arrangements with train operating companies’ operations in Wales. Welfare is a retained power in Whitehall but the Welsh Government is currently legislating to regulate the private rented housing sector.

The Welsh Assembly has no control over income tax but controls business rates and council tax. The same system operates as in England, and the Assembly has the freedom to set rates and conduct revaluations. The Wales Bill is currently being debated in the House of Lords and, if passed, will give the Welsh Assembly control of stamp duty land tax and landfill tax; additional borrowing powers on capital projects* and revenue spending; and will pave the way for devolving some portion of income tax.

**Northern Ireland**

The Northern Ireland Assembly governs on a reserved powers basis (as in Scotland) and has slightly more policy freedoms than Scotland or Wales, especially where social security is concerned. In Northern Ireland, welfare policy is devolved subject to an agreement between the Treasury and the Northern Ireland Assembly that any increased spending would have to be met through its block grant funding. Housing policy and delivery powers are held by the Northern Ireland Housing Executive, a statutory body with control over social housing and housing benefits.

Northern Ireland has few significant tax raising powers, however, and instead of the council tax system, it operates a modified system of domestic rates based on the capital value of individual properties, rather than property bands, so bills are set individually. Business rates are collected and set by the Northern Ireland Assembly, who can also undertake revaluations (there is a revaluation of non-domestic property values currently underway).

**London**

London’s government, the Greater London Assembly (GLA) has significantly less powers than any of the devolved nations. It has few delivery powers but holds strategic responsibility for transport, policing, fire and rescue, development and strategic planning. In 2007 it gained additional spending powers in relation to housing and regeneration – spending restrictions on education, health and social services remain.

The GLA can raise some revenue through levying precepts on council tax and business rates, and can raise income by borrowing against revenues raised through Transport for London fares, congestion charging and other transport levies.

---

*Early access to these borrowing has been granted to help finance enhancement to the M4.*
What has been promised?

Scotland

Cross-party

A cross-party deal was recently announced which proposes a fast-track timetable for significant and radical devolution of powers to Scotland in the event of a No vote at the referendum on 18 September. This would include more powers over taxation, funding and welfare. All three parties stand behind the announcement, and agree with the process, timetable and broad areas to be devolved, even if there are differences in the detail of what each party proposes.

Prior to this announcement, the three main parties have been developing their approaches to devolve policy and tax raising powers to Scotland if it chooses to remain within the UK.

Conservatives

The Strathclyde Commission was set up by the leader of the Scottish Conservatives, Ruth Davidson, and its recommendations will inform the Conservative Party manifesto. It proposes that:

- The Scottish Parliament should be responsible for setting rates and bands of income tax
- A share of VAT receipts raised in Scotland should be assigned to the Scottish Parliament
- A new Scottish Fiscal Commission should be created to set macro and fiscal forecasts
- Powers to supplement welfare benefits legislated at UK level be explored
- Housing benefit and attendance allowance devolved to Holyrood

Liberal Democrats

In their recently launched pre-manifesto, the Liberal Democrats propose that Scotland be given:

- Powers to raise the majority of the money it spends through devolved income and wealth taxes
- Control over corporation tax receipts from Scottish businesses
- Control over certain aspects of welfare policy, for example delivery of the Work Programme

The 2012 Liberal Democrat Home Rule Commission led by Sir Menzies Campbell proposed that the Scottish Parliament be responsible for raising taxes for the majority of its spending, including the inheritance tax, air passenger duty, capital gains tax, aggregates levy, as well as full control of all income tax rates and bands.

Labour

Johann Lamont, leader of the Scottish Labour Party, unveiled the recommendations from the Scottish Labour devolution commission in March. These include giving the Scottish Government:

- Control of 15p in the pound on income tax (the new SCRIT gives Holyrood control over 10p in the pound)
- The ability to raise the higher income tax rate to 50p and raise additional rates independently of one another
- Devolution of attendance allowance and housing benefit
Wales

Conservatives

The Conservatives would consider devolution of railways to Wales, devolved competency for energy projects up to 100MW to Wales, partial broadcasting and improved scrutiny functions for the Welsh Assembly.

Liberal Democrats

The Liberal Democrats would move to a reserved powers model for the Welsh Assembly and fully implement the independent Silk Commission's proposals on financial powers for Wales: devolving stamp duty land tax; landfill tax; air passenger duty; and 10 per cent of income tax. They also pledge to allow the Welsh Government to set its own bank holidays and would abolish tolls on the Severn Bridge once repair costs are paid off.

Labour

Labour proposes to devolve control of every 15p in the pound of income tax raised in Wales, and to give the flexibility to increase the top rate from 45p to 50p. They are also open to devolution of the railways and partial broadcasting powers.

Northern Ireland

Policy pledges from Labour and the Conservatives towards Northern Ireland have been less detailed than for Scotland and Wales. Labour has, however, pledged to consider greater devolution to Northern Ireland as part of its plan to decentralise and devolve powers from Whitehall if it wins the next election.

Liberal Democrats

The Liberal Democrats outline more precise policy pledges in their pre-manifesto, including pressing for the full implementation of the Belfast Agreement and the creation of a commission to review the scope for further devolution of financial and legislative powers to the Northern Ireland Executive.

London

None of the three main parties has made announcements of pledges to devolve additional financial or legislative powers to the GLA should they win the general election.
Sources:


Contact

For more information, please contact:

Louise McGough
Policy Officer
l.mcgough@centreforcities.org / 020 7803 4325

© Centre for Cities 2014

Centre for Cities
Enterprise House
59 - 65 Upper Ground
London SE1 9PQ

www.centreforcities.org

Centre for Cities is a registered charity (No 1119841) and a company limited by guarantee registered in England (No 6215397)