

PE1801/E

Finance and Constitution Committee submission of 10 December 2020

Thank you for your letter dated 12 November in which you highlight the issues raised in petition PE1801 for consideration as part of the Finance and Constitution Committee's scrutiny of the ramifications of the UK's withdrawal from the European Union.

That petition calls for the Parliament to urge Scottish Government to negotiate with the UK Government to ensure that in any future EU withdrawal agreement, Scotland retains the power to provide state aid to workplaces threatened with closure; take public utilities such as rail, bus and power fully back into public ownership and require public sector contractors to recognise trade unions and collectively bargain wages.

The Committee has recently considered state aid as part of its consideration of the UK Internal Market Bill Legislative Consent Memorandum. Part 6 of that Bill proposes to change the "competence" of the three devolved legislatures by adding a reservation on the provision of subsidies, and by protecting the Act itself from modification by the Scottish and Welsh Parliaments or the Northern Ireland Assembly. As a result of this provision, it will be for the UK Government to introduce any future state aid legislation without the need to seek consent from the devolved legislatures.

In its report on the LCM, the Committee reported its views that the UK Government should involve and secure the support of the devolved administrations in devising the future UK subsidy control or subsidy control framework.

We also agreed with the Scottish Government and the Welsh Government that State Aid is a devolved matter and that any future legislation should be agreed between all of the four governments and legislatures across the UK through the common frameworks process. The Committee therefore recommended that the reservation of subsidy control is unnecessary and should be removed from the Bill.¹

The full report of the Committee can be found online at:

[https://www.parliament.scot/S5_Finance/General%20Documents/FOR_ISSUE_Internal_Market_Bill_LCM_report\(4\).pdf](https://www.parliament.scot/S5_Finance/General%20Documents/FOR_ISSUE_Internal_Market_Bill_LCM_report(4).pdf)

Yours sincerely,

Bruce Crawford MSP
Convener

¹ This recommendation in the Committee's report on the UK Internal Market Bill LCM was agreed to by division (For 8: George Adam, Tom Arthur, Jackie Baillie Bruce Crawford, Angela Constance, Patrick Harvie, John Mason, Alex Rowley; Against 3: Alexander Burnett, Murdo Fraser, Dean Lockhart; Abstentions: 0)