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Gordon Lindhurst MSP
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The Scottish Parliament

By email

12 January 2018

FINANCIAL GUIDANCE AND CLAIMS BILL – LEGISLATIVE CONSENT MEMORANDUM

Thank you for your letter of 9 January 2018 requesting clarification on Clause 15 of the Financial Guidance and Claims Bill – which relates to the funding of debt advice in Scotland, Wales and Northern Ireland – and how the levy for debt advice expenses of devolved administrations will work in practice.

Taking Members' specific questions in turn –

1) Who will decide what the levy is and how will the devolved administrations be involved in this process?

Funding for debt advice in the devolved administrations will come from the Financial Services Levy on a yearly basis. As financial services are reserved under Schedule 5 of the Scotland Act 1998, Her Majesty's Treasury will instruct the Financial Conduct Authority (FCA) to collect the appropriate levy amount from the financial services sector.

2) How will the funding be allocated to the Scottish Government?

The FCA will collect the levies each year after consulting with industry and will pay them into the Consolidated Fund. The agreed amount for each devolved administration will then be transferred each year through the block grant.

Funding will be determined on the basis of a formula agreed between the UK Government and the devolved administrations, the methodology for which is based – for each year of the spending review period – upon the estimated spend by the Single Financial Guidance Body (SFGB) on debt advice in England, the most up-to-date adult population share in each home nation, and the most up-to-date indebtedness ratio in given year of spending review period.

3) Will the levy be used to replace the current funding model or will the money raised be additional funding for debt advice?

The above funding formula will relate solely to the provision of debt advice in Scotland, Wales and Northern Ireland, and will replace funding currently provided by the Money Advice Service, which is to be replaced by the SFGB. The current funding model shall continue to apply (by virtue of the existing provisions of the Financial Services and Markets Act 2000) to all other purposes for which funds are levied from the financial services sector.

I hope that this is helpful to Committee Members and I will be happy to discuss these matters further when I appear before your Committee next week.

I am copying this letter to Graham Simpson, Convener of the Delegated Powers and Law Reform Committee and Bruce Crawford, Convener of the Finance and Constitution Committee.



KEITH BROWN