

**Hansard, 20<sup>th</sup> November 2014**

**Debate on devolution and the union**

**Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op):** It is important that today's debate is based on fact and reality. Given some things we have heard from outside commentators, and unfortunately from some hon. Members from time to time, one might think that we had a situation in which taxpayers in England are generously subsidising those in Scotland, and that Scottish MPs have been responsible for imposing legislation on residents of England against their will. That description is vastly at variance with reality, as hon. Members will know. Of course, I accept the straightforward reality that the level of Government spending per head in Scotland, Wales and Northern Ireland, as defined by Barnett, is slightly higher than that in England, taken as a whole, but the Barnett formula does not present the full picture. Indeed, Lord Barnett never suggested that it did.

The definitions of public spending in the different nations are not necessarily like for like. For example, water supplies in Scotland are in the public sector, whereas in England and Wales they are privatised, so in Scotland spending on water is counted as public expenditure, but in England and Wales it is not. The formula does not fully reflect the public expenditure involved in some of the activities of central Government and the state that are centred here in London. The activity of the state that we see in front of us every day in London generates an immense boost to the economy in the whole of the south-east of England. That is an economic stimulus that nowhere else in the UK enjoys to anything like the same degree.

**Sir Greg Knight (East Yorkshire) (Con):** Has not Lord Barnett himself said that the formula should not have continued for as long as it has?

**Mark Lazarowicz:** He did say that, but it did continue, and fairly successfully.

If one compares the relative figures for Government expenditure throughout the different parts of the UK, what is most striking is not the disparity between the averages in Scotland, Wales and Northern Ireland as opposed to England, but the vast disparities within England. I have some sympathy with the complaint of the hon. Member for St Albans (Mrs Main) about the lack of Government spending in her constituency, because the south-east of England—her part of the country—gets two thirds less than average spending

in London. London gets 20% above the average across the UK—higher than the relative advantages for Scotland or Northern Ireland.

Let me emphasise that just as I reject setting Scotland against England, I do not seek to set London against the rest of the UK. There are vast disparities of wealth within London, and the economic activity that it undertakes generates burdens as well. My point is that the Barnett formula is only part of the picture. It is a formula for spending, but not one based on a real needs assessment—that is widely accepted. For example, it does not take

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account of the costs for Government services of remoteness, or of levels of poverty or other social need. Nor does it take account of the contribution that different parts of the UK make to central Government revenues. Scotland is one of the highest contributors of taxation to central Government revenues—the third highest, I think, in the UK. Different areas and nations put more in; different areas and nations take different amounts out.

Let us get away from the idea that the Barnett formula is a subsidy for Scotland, Wales or Northern Ireland. We are in a state where different nations and different parts of nations will contribute in varying degrees to Government revenue, and different nations and different parts of nations will see Government expenditure at varying levels. I welcome that, because I believe that the strength of the UK is that, with the right Government and the right policies, we can pool and share resources. Indeed, there has not been enough pooling and sharing of resources to tackle some of the real poverty that we see in communities in cities, regions and rural areas throughout the UK.

On English votes for English legislation, there is of course an anomaly. I am not for one minute diminishing the concerns that have been raised in the House, but I wonder how far they are shared among the general population of England. Obviously, MPs from England will know that better than I do.

I agree, however, with my hon. Friend the Member for Nottingham North (Mr Allen) that this issue can be relatively simply dealt with and does not, in any sense, justify any delay in the further devolution that was promised before the referendum. There must not be a cherry-picking of certain bits of political reform that suit the short-term political interests of one or other political party. We can all point to the history of anomalies that this constitution—this state—has had over decades. In the old days, there was the situation with

Northern Irish MPs being able to vote as supporters of the Conservative party. There is the whole anomaly, to put it mildly, of the House of Lords. We have to recognise that we need political reform to deal with the alienation of so many people from our political system, but it should not just be piecemeal. It needs to address House of Lords reform. Electoral reform needs to be back on the agenda. The whole issue of regional government in England and Wales needs to be taken seriously. There needs to be root-and-branch reform that is based on respect between the various nations of the UK, and a recognition of the seriousness of the political crisis that is facing politics across the UK.

**3.29 pm**