

March 2011

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About Reform Scotland

Reform Scotland is an independent, non-party think tank that aims to set out a better way to deliver increased economic prosperity and more effective public services based on the traditional Scottish principles of limited government, diversity and personal responsibility.

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Upon our own feet

“We want to stand upon our own feet and look fair and square at the world - its good facts, its bad facts, its beauties, and its ugliness; see the world as it is and not be afraid of it.”

Bertrand Russell

i. Introduction

Soon, each of the political parties in Scotland will produce an election manifesto for the 2011 Scottish Parliament elections containing their policies for the next four years. These manifestos will largely focus on short-term issues to address current public concerns whether they be school class sizes or the number of police on the beat. However, the current financial and public sector crisis will neither be solved in a few years nor by tinkering around the edges. It has highlighted that there are some real, long-term structural problems within our society that need to be addressed if we are to have a healthy economy with good public services. We need to have a plan for Scotland for the next twenty years that enables the next generation to compete without the benefits of our oil resources which will diminish over time.

This paper sets out Reform Scotland’s long-term plan for Scotland. Its central ambition is to create the right environment for long-term economic growth and effective public services based on two broad ideas.

First, we need to devolve responsibility. The current system of centralised control over budgets at all levels of government does not create a system of responsibility and accountability. Westminster is responsible for setting the rate for 93% of all taxes in Scotland, but only 40% of public sector spending. Even if the Scotland Bill is passed in its current form over 80% of tax revenue will be based on rates set by Westminster. This creates completely the wrong incentive for politicians and civil servants since allocated grants tend to focus the receiver on how to spend them and not how to deliver the most effective service at the best price for the end user.

We believe Scotland should take responsibility for setting and collecting the taxes which raise the £33 billion currently spent by Holyrood. In addition, local government should also have far greater powers to set taxes for their element of this expenditure. This can be done within the United Kingdom, but there is a need to rebalance the relationship between Westminster, Holyrood and local government to create more direct accountability to the public at each level of government.

Secondly, we need to rethink how we deliver public services and that means addressing some of the sacred cows such as how our health and education systems are structured. It is not just a question of money. The Scottish Government has spent around 55% more in real terms since devolution on health and 40% more on education, yet the overall results have not improved by anything like the same amount and these services have not always served the most disadvantaged in our society well.

We believe that we need to find new ways to provide our public services and to allow people choice so that they can decide how they want the service delivered. For instance, we believe that in education local authorities should have more control of the schools they are responsible for, but that those wanting to set up new schools should be funded directly by the public sector at the same cost as local authority schools.

We believe we need to shrink the public sector's proportion of the economy. Government needs to facilitate the infrastructure to allow a solid economy, it needs to protect its citizens and ensure proper competition. It does not, however, need to run all the services it currently provides and in many cases provides inefficiently.

We have set out below a long-term vision for Scotland that seeks real structural reform across all areas of the public sector. Much of the material is taken from existing Reform Scotland papers. We believe we need to influence policy makers today to be bolder and more farsighted to create a stronger Scotland for tomorrow.

Ben Thomson
Chairman, Reform Scotland

1. Delivering Better Government

Reform Scotland has focussed on putting forward policy ideas which we believe will increase economic prosperity and improve public services. However, achieving those aims would be helped by reform of the way in which government itself is structured so that it operates in a more effective and transparent manner.

1.1 Civil Service

Policy is implemented through the civil service and the prevailing culture within the service is not conducive to innovation in policy making. The fundamental cause of this is a lack of accountability and transparency within the civil service. The measures outlined below are all aimed at enhancing the effectiveness of the civil service in Scotland by making it more open, accountable and transparent. This would help to achieve successful reform in other areas.

- Devolve responsibility for the civil service in Scotland. Although Scottish Government civil servants owe their loyalty to the devolved administration rather than the UK Government, the civil service is a matter reserved to the UK Parliament. This means that the civil service in Scotland, which is responsible for the delivery of Scottish Government policy, is part of the Home Civil Service and ultimately responsible to the UK Prime Minister. Following devolution, this is no longer sensible and accountability would be enhanced if responsibility for the Scottish civil service was devolved to the Scottish Parliament, with the First Minister having sole responsibility for appointing the Permanent Secretary.
- Give democratically-elected politicians the power to appoint senior civil servants as happens in other countries such as France, Australia and Canada. This democratic accountability is the best way of holding senior civil servants to account and has enhanced performance since its introduction in Australia in 2004.
- Abolish the doctrine of ministerial responsibility which shields officials from taking personal responsibility for their actions and also draws ministers into the process of policy delivery. Instead, ministers should be responsible for the strategic direction of policy and its communication, while officials were responsible for the construction of policy and the use of resources.

- Advertise all civil service vacancies openly, with no discrimination in favour of internal candidates and the abolition of the system of grades. Recruitment would be led by individual line managers since what matters is the quality and cost of appointees. This would encourage a healthy flow of personnel between the voluntary, private and public sectors and the recruitment of people with direct experience in the policy areas they cover.
- Ensure that civil servants act as if all decisions are subject to scrutiny with parliamentary committees calling a wider range of officials to give evidence in their particular policy areas.

1.2 Quangos

Too much political power in Scotland is currently exercised by a network of over 100 Non-Departmental Public Bodies (NDPBs) or Quangos. Quangos are bodies which have a role in the processes of government, but which are not a government department or part of one and, therefore, operate at arm's length from ministers. This means that they operate in a 'no man's land' where they are neither fully democratically accountable nor fully independent of government. This creates a lack of openness and accountability which is not conducive to good governance. The following measures would introduce greater clarity into the political process in Scotland and force government to be open about what it was trying to achieve and how it proposed to achieve it.

- Clarify the distinction between what is a function of government and what is done by organisations that are independent of government.
- Examine existing, non-departmental public bodies to decide whether their functions, or aspects of their functions, should be brought in-house or whether quangos should be turned into independent bodies.
- Where it is decided that functions should be carried out by government, ensure accountability to the public in those areas by acting directly through civil servants in their own departments.
- Where appropriate, introduce a presumption in favour of functions being performed by local authorities to ensure accountability to local communities.
- Make bodies carrying out functions requiring greater independence of action fully independent of government contracting with government for the provision of services

1.3 Shared Services

The current administrative landscape in relation to registration, legal and tax services has evolved on an ad hoc basis and has become extremely complex with numerous different bodies providing similar and sometimes overlapping services and maintaining their own separate systems, registers and databases. The public, and even practitioners, find the current landscape difficult to understand and confusing to navigate. The fact that these services are both "devolved" and "reserved" does not help matters.

- As part of the shared services agenda, there needs to be a review of all Scottish registration, legal and tax services, whether the responsibility of a Scottish local authority, the Scottish Parliament or UK Parliament.

2. Delivering A Fiscal Framework For Growth

Although the Scottish economy is currently recovering following a recession, our aim should be to achieve a higher average rate of growth and to sustain this over the next 10-12 years. There are many factors which affect economic performance such as the existence and quality of infrastructure, the extent and burden of government regulation and the quality and productivity of the public, private and third sectors. However, we need to start by creating a fiscal framework for growth that will help to create and grow new businesses, increase productivity and encourage investment. This will, in turn, lead to increased employment and higher economic growth.

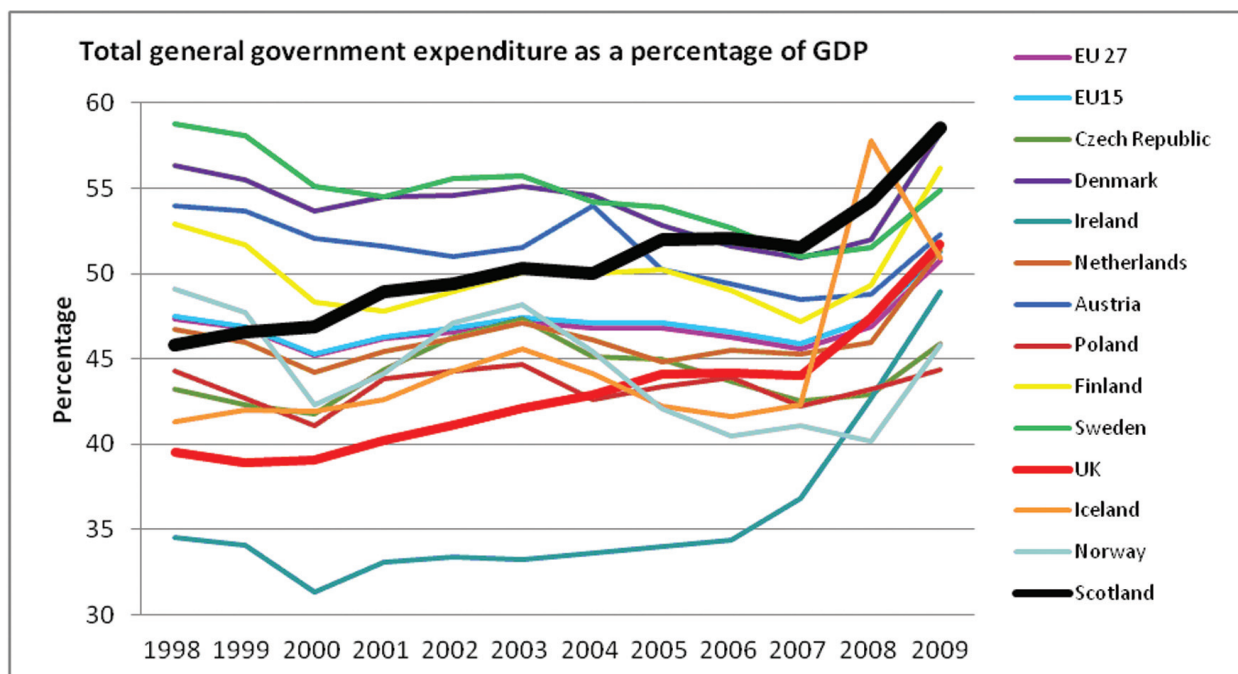
2.1 Taxation

There is a link between lower taxes and economic growth and Scotland has a relatively high, and growing, tax burden. Lowering taxes can be a key driver of investment; increase incentives to work and so expand the labour supply; and encourage the taking of risks and the type of entrepreneurial activity needed to boost Scotland's economic performance. Therefore, we would like to see:

- A reduction in the burden of taxation in Scotland at all levels of government which would be an important statement of intent and will also help to drive productivity growth in the Scottish economy.
- Different types of taxes, suited to the Scottish economy, can be used as economic levers to drive growth.

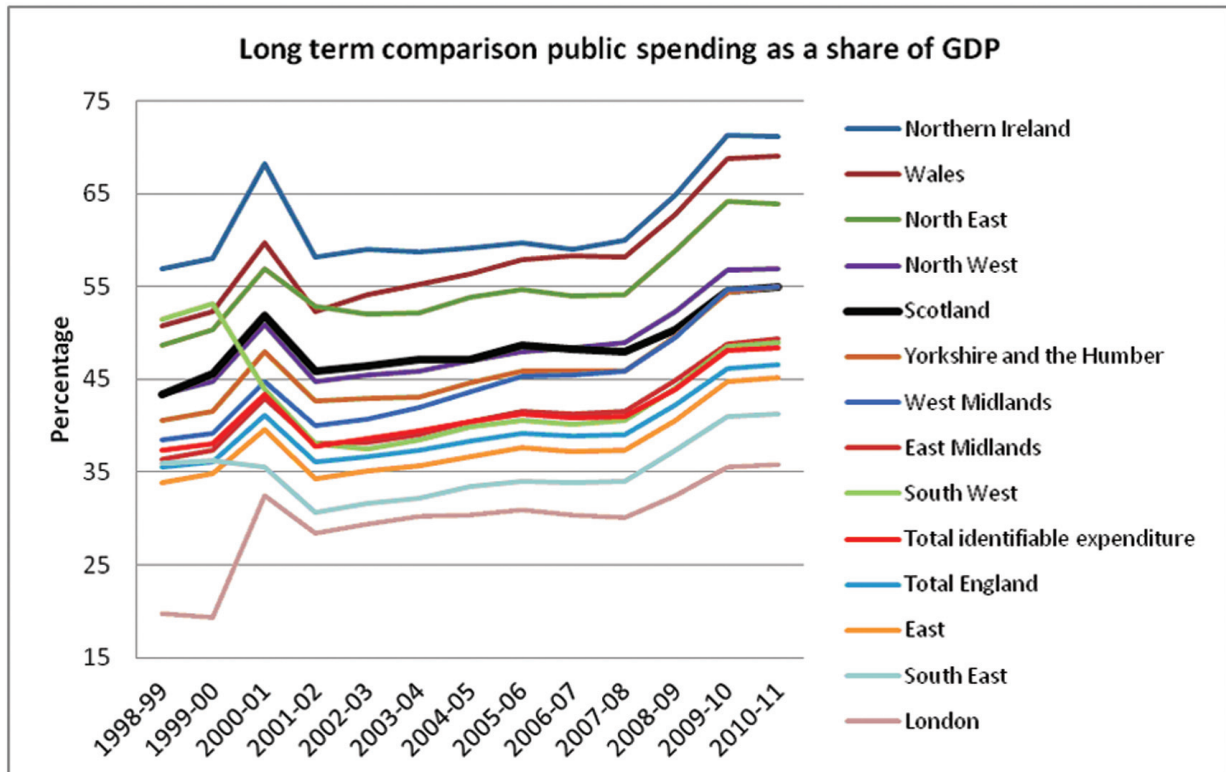
2.2 Public Spending

As illustrated in the graph below Scotland has one of the highest levels of public spending in the European Union which is increasing as a proportion of GDP¹.



¹ EUROSTAT. The Scottish figures were worked out by taking the percentage difference between the UK and Scottish figures in the CEBR's State of the Nation Forecasting Special published in April 2010 and applying that difference to EUROSTAT's figure for the UK as a whole.

The following graph illustrates the change in public spending across the regions of the UK².

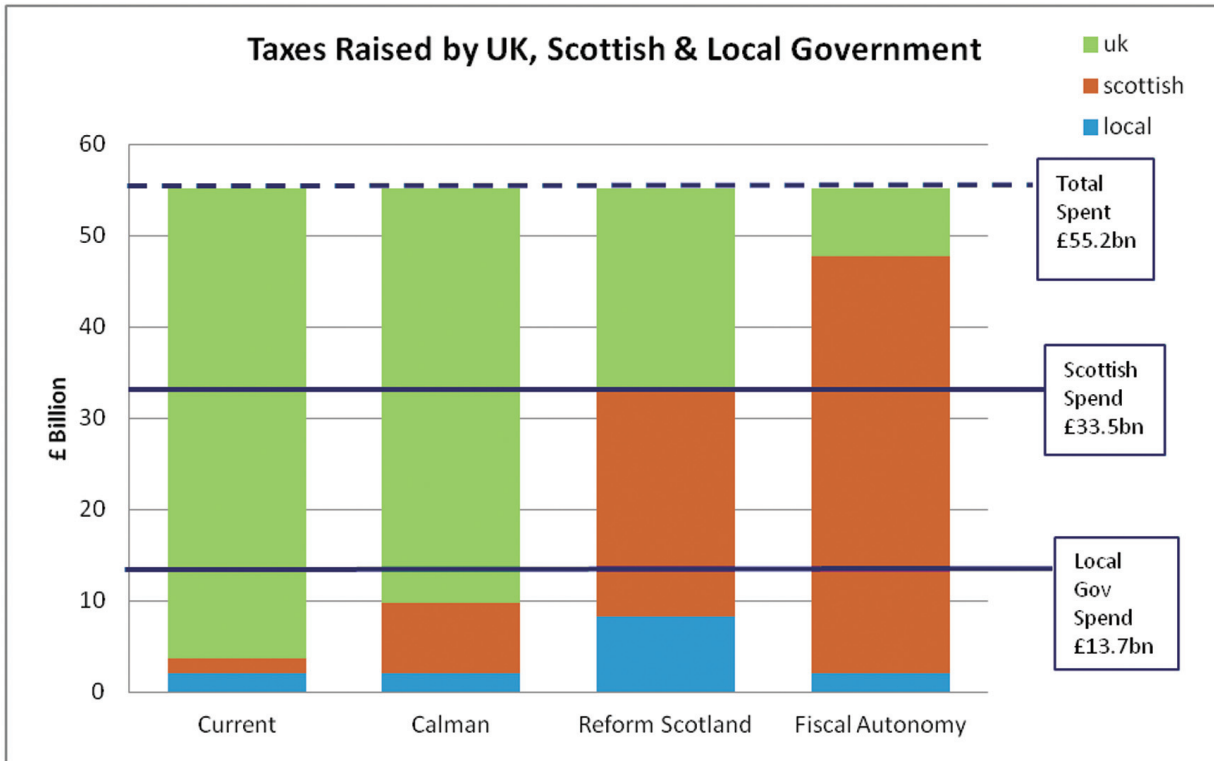


There is a link between reducing spending as a share of GDP and increased economic growth. Therefore, we would like to see the following measures.

- A reduction in public spending in Scotland as a share of GDP.
- Reform of the public sector to help to achieve this with public services becoming more directly accountable to the local communities and people they serve; the devolution of operational decisions as close to those affected as possible; and a more diverse approach to the delivery of public services with a greater role for voluntary and private sector providers

2.3 Fiscal Powers

The lack of financial accountability and responsibility is the fundamental defect of the current devolution settlement. The Scottish Parliament raises only a small proportion of the money that it spends and so do local councils which is illustrated clearly in the graph overleaf.



This means that government in Scotland has little financial incentive and few fiscal levers to provide an appropriate framework for increased economic growth and improved public services. Greater financial powers for the Scottish Parliament, and in turn local authorities, would act as a catalyst for change by increasing competition between different jurisdictions for people and businesses and, therefore, revenue. They would have an enhanced incentive to provide an attractive environment for people and businesses and the powers needed to provide it. That is why we would like to see the following measures which would enhance the fiscal responsibility of government in Scotland.

- Make local authorities, the Scottish Parliament and the UK Parliament responsible for raising the bulk of money they spend in or on behalf of Scotland. The Scottish and UK governments should have a wide enough range of tax and borrowing powers, with an agreed starting point, to enable them to cover their existing share of spending in Scotland.
- Implement a new financial settlement, set out in legislation, for the whole of the United Kingdom making it clear which taxes were UK taxes and what they were funding, separately from taxes and spending for each of the nations of the UK.

- Create a Scottish Exchequer by extending the remit of the Scottish Government's Finance Department to include most of the powers and responsibilities presently held by HM Treasury and HM Revenue & Customs with this new body responsible for collecting the revenue from all taxes levied in Scotland on behalf of the UK and Scottish Governments.
- Establish a body to represent English interests, with the exact form determined by people in England, which would help to clarify the responsibilities of the different levels of government in the United Kingdom.

3. Delivering Infrastructure

The existence and quality of Scotland's infrastructure is a vital part of an effective framework for growth and the provision of high quality public services. This means ensuring that the necessary infrastructure is in place and that it is managed and financed effectively and efficiently.

3.1 Managing and Financing Infrastructure

There have been significant problems with the way that PFI/PPP schemes have been managed and financed and we need a new system of partnership between the public and private or voluntary sectors to provide essential infrastructure. This should be based on what we call Scottish Capital Partnerships which would provide a more effective and efficient method of financing and managing capital projects which delivers value for money. The measures below would help to achieve this.

- Ensure that the debt element comes from government either at UK, Scottish or local level, recognising that on key projects risk is not generally transferred to the debt provider and, therefore, projects should take advantage of the lower cost of government borrowing.
- Provide a range of funding options including:
 - straight UK Government borrowing or guarantee;
 - borrowing by the Scottish Government with new borrowing powers;
 - a Scottish Infrastructure Bank/Pooling arrangement to borrow on behalf of the Scottish Government using the existing local borrowing powers in a co-operative borrowing organisation;
 - municipal bonds;
 - Tax Increment Financing, tolls or road pricing.
- Promote better management by enabling competition through a bidding process to become the management company responsible for operating and managing the project as well as putting up the equity risk capital.
- Enable new vehicles for each infrastructure project to be established between the public sector and management company in which the public sector would provide the land and outline design and agree the equity return with the management company.
- Deliver value for money with these project vehicles inviting tenders for each of the different aspects of the project such as full design, construction and facilities management and having an incentive to ensure that the best providers were chosen for each part of the job and to get the best price from suppliers.

3.2 Digital Infrastructure

Scotland's electronic communications infrastructure is vital to its social, economic and cultural future. Although the UK, including Scotland, is one of the most digitally literate countries in the world, if we do not upgrade to next generation networks as quickly as other competitor countries then this could seriously disadvantage our economic and cultural health.

With careful planning and creative financing, we can achieve targets for our infrastructure which are comparable with other leading countries in the world and consistent with the aspirations of people and businesses in Scotland. The measures below will help to achieve these objectives.

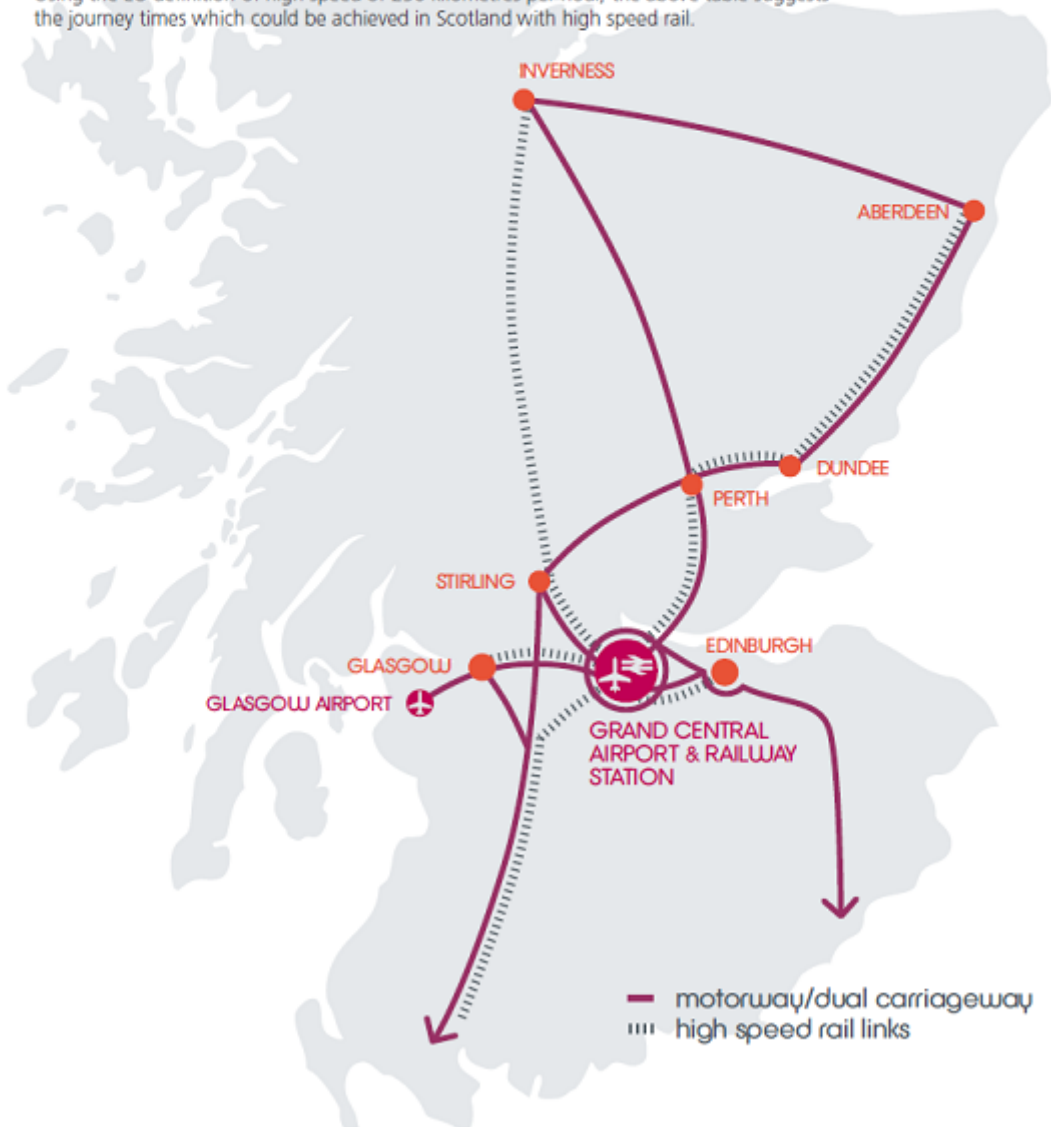
- Establish a Digital Scotland framework and strategy which takes proper account of distinctly Scottish issues, such as the extensive rural landscape, and sets out ambitious targets for broadband coverage and speeds as well as digital usage and literacy.
- Appoint a Minister for Digital Scotland with specific and unambiguous responsibility for designing, implementing and monitoring the Digital Scotland framework and strategy.
- Make a commitment to the upgrading of Scotland's electronic communications infrastructure to ensure that Scotland is at the leading edge of UK regional and international Next Generation Access deployment.
- Commission a report to establish a map of Scotland's existing fibre network in order to minimise the upgrade cost by aggregating and using existing fibre as far as possible.
- Reduce cost and enhance competition by opening up existing utility ducts to broadband infrastructure investment and de-rating fibre which will improve competition in urban areas and create investment in more rural locations.
- Develop an infrastructure upgrade plan, including costings, which should include provision for the consolidation of public networks and the aggregation of public sector procurement to reduce the cost of the programme and facilitate investment in rural provision.

3.3 Transport

An efficient transport network is essential because it integrates an economy and so creates the potential for faster growth. The significant investment in the transport system in Scotland over recent years has led to improvements. However, there is a need for a generational transformation of the transport network although this would take a number of parliaments to deliver. Such a transformation requires that we implement strategic national projects which will benefit most of Scotland rather than projects which benefit particular parts of Scotland. The measures below would help to achieve this transformation of our transport system.

Journey	Distance in kilometres	Estimated time
Grand Central Airport to Glasgow	64	15 min
Grand Central Airport to Edinburgh	13	5 min
Grand Central Airport to Perth	65	15 min
Perth to Dundee	35	9 min
Dundee to Aberdeen	106	25 min
Grand Central Airport to Stirling	48	12 min
Stirling to Inverness	233	56 min
Grand Central Airport to Carlisle	188	45 min

Using the EU definition of high speed of 250 kilometres per hour, the above table suggests the journey times which could be achieved in Scotland with high speed rail.



- As illustrated in the diagram on the previous page, create a central transport hub as the focal point for a properly integrated network of road, rail and air transportation in Scotland around Edinburgh Airport, which would be renamed Grand Central Airport, with the main railway station in Scotland located here, called Grand Central Station, and links to the trunk road network.
- Build high speed rail links from Grand Central Station south to England and west, east and north to link Scotland's main cities of Glasgow, Edinburgh, Stirling, Perth, Dundee, Aberdeen and Inverness, which would dramatically reduce journey times and create the potential for an improvement in economic performance through greater integration of the economy.
- Improve key parts of the trunk road network, in particular the links to the central transport hub and between the major cities.
- Investigate how road pricing might be implemented in Scotland since charging users directly for the use of road space and the costs they impose on others has the potential to provide a more efficient way of allocating road space and addressing the problem of congestion on our roads.

4. Delivering Justice

The maintenance of law and good order is, arguably, the most important public service and so the goal of the criminal justice system must be to reduce crime rates. Despite welcome recent falls, crime is still too high in Scotland even after substantial increases in funding. High crime rates are not inevitable and the right policy framework will enable the police, court and prison services to play their part in reducing crime. The measures outlined below would help to provide such a framework.

4.1 Policing

- Make police forces in Scotland more directly and democratically accountable to the local communities they serve, which would enable local communities to adopt different approaches to tackling crime based on the specific needs and problems of their area.
- Ensure clear lines of accountability by matching police forces up to local authority areas with an individual councillor within the ruling council group given the responsibility for policing in each council area, although operational matters would still be left to the Chief Constable.
- Devolve management responsibility within police forces to ensure that operational decisions are taken as close as possible to the people they effect.
- Publish localised crime statistics on a regular basis to ensure transparency and that the police are accountable to local people for the effectiveness of policing.

4.2 Courts and Sentencing

- Enhance transparency and accountability within the prosecution system as to whether, where and how crimes are prosecuted by directly electing Area Procurators Fiscal in Scotland from the areas they represent.
- Publish the number of crimes prosecuted in courts and the number which result in a guilty verdict to make it possible to produce accurate conviction rate statistics or to see how the crime rate compares to what is happening in courts.
- Give Judges the full range of sentencing disposals when handing down a sentence, rather than the various limits placed on them at present, so that the most appropriate and effective sentence is imposed by the court.

- Scrap early release schemes with any reduction in time served being earned purely as a result of good behaviour.

4.3 Prisons

- We welcome the acceptance of our recommendation that jail sentences of less than 3 months are scrapped. As well as costing the taxpayer a lot of money, such sentences offer little time for rehabilitation and can end up pushing a person towards a career in crime and re-offending rather than away from it.
- Encourage prisons to come up with innovative schemes to rehabilitate prisoners through offering prisons and staff incentives to lower reoffending rates while involving the voluntary and private sectors more in schemes, particularly those to equip prisoners with the necessary skills to get a job on leaving prison.

5. Delivering Healthcare

The NHS in Scotland has many strong points. In particular, the fundamental principle that everyone should be guaranteed access to healthcare must remain the cornerstone of the healthcare system. However, this vital principle can be maintained without a public sector monopoly over health care.

The problems that exist within the healthcare system are largely the result of top-down management of a public sector monopoly. Improving this requires reform which puts patients first and allows the system to develop according to their needs and wishes. The policies set out below would help to move us in this direction.

- Make the health service in Scotland more accountable to patients through a new constitution which sets out the relationship between the health service and patients, so that it acts more like the insurance-based systems in other countries by defining patient entitlement with patients knowing to which drugs and treatment they have access.
- Clarify the role of the Scottish Government in healthcare which should be to:
 - set the legal and regulatory framework for the health service and ensure that everyone is guaranteed access to defined health care irrespective of ability to pay;
 - regulate the commissioners and providers of health care to ensure that they meet approved standards as well as ensuring the supply of essential services such as A&E;
 - be the principal funder of healthcare in Scotland, setting the overall budget for the health service in Scotland which would come out of general taxation and be distributed to the new Health Commissioning Co-operatives on the same basis as at present – a weighted amount based on the Resource Allocation Formula;
 - establish a national tariff scheme for different NHS treatments which sets out the amount that would be paid to hospitals and other health care providers per patient they treat.
- Allow patients to take out supplementary insurance for treatments and drugs not provided by the health service in Scotland without incurring any penalty.

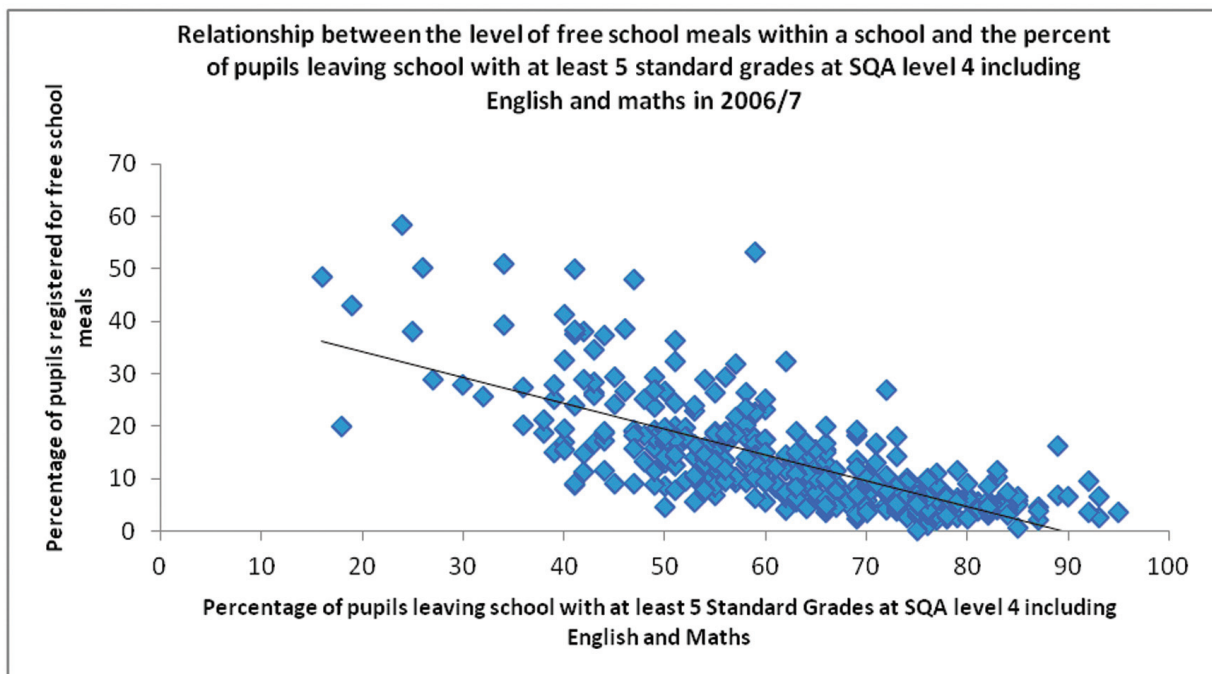
- Turn the 14 unified NHS Boards in Scotland into area-based, mutual organisations known as Health Commissioning Co-operatives, which would be owned by local people with direct patient representation on their boards to ensure they are run in their interests and responsible for commissioning care on their behalf.
- Ensure that Health Commissioning Co-operatives act as the champions of patients by disseminating all the relevant information on health outcomes and quality of care so that patients and their GPs could make an informed choice.
- Enhance patient choice by allowing money to flow through the system based on the choices of patients with the NHS tariff following the patient to the provider of his or her choice.
- Give the new Health Commissioning Co-operatives the ability to negotiate their own local contracts for primary care services within a national framework set out by the Scottish Government so that these local contracts could be used, amongst other things, as a tool to encourage primary care services which meet local needs or promote better health.
- End GP catchment areas so that patients can choose a GP practice which suits them.
- Separate the provision of healthcare from its commissioning to encourage a wider range of health care providers so that, over time, existing NHS hospitals and providers of community health care would become independent, not-for-profit trusts with their assets used permanently to provide healthcare and no possibility of them being taken over by commercial organisations.
- Allow public bodies such as local authorities, voluntary associations and commercial entities to offer services alongside existing providers as long as they met the required standards, with funding on the same basis as any other provider – on the basis of the NHS tariff and the number of patients they attracted.
- Give healthcare providers the freedom to restructure the services they provide and negotiate their own contracts with staff to reflect local needs and priorities.
- End all centrally-imposed targets to give NHS managers and doctors much greater freedom to use their expertise and local knowledge to improve services for patients and ensure those who work in the health service are accountable to patients with the service developing in response to their needs and wishes.

6. Delivering Education

People in Scotland have always placed a high value on good education at all levels because it plays a vital role in extending opportunity more widely in our society. This led to Scotland developing an education system which was admired throughout the world for its commitment to excellence. Although the Scottish education system still has many strong points, there are widespread concerns that overall standards have slipped compared with other countries.

6.1 School Education

Although there are many good state schools in Scotland, there is considerable concern that too many schools are no longer enabling young people in Scotland to fulfil their potential, particularly those from the most disadvantaged backgrounds. One way of measuring the deprivation of a catchment area of a school is to look at the percentage of children receiving free school meals. Using this, Reform Scotland measured the level of deprivation against exam results from 2006/7. The graph below shows that, regardless of local authority area, those schools with higher percentages of pupils registered for free school meals generally achieved lower exam results.



The measures below are designed to improve this situation and restore Scotland's reputation for educational excellence.

- Give parents or guardians choice through an entitlement equal to the value of the average cost of educating a child in their local authority area which could be used to send their child to any school which costs the same as the entitlement or less. This could be the local state school, a state school on the other side of town or an independent school if its fees were the same or less than the value of the entitlement.

- Provide a supplement, on top of the entitlement, for children in receipt of free school meals or with special educational needs, which would come from central government and ensure that such pupils are more attractive to schools. This will ensure that the scheme achieves the objective of extending opportunity.
- Introduce this scheme of parental choice initially for two years to parents and guardians of children in receipt of free school meals and then extend it to all.
- Allow new and more diverse schools to be set up since evidence shows that competition can drive up standards in all schools and although nothing prevents new schools opening up and operating as private schools as long as they meet required guidelines, providing the entitlement to parents to send their child to the school of their choosing will increase the potential demand for independent, state-funded schools and so provide an important stimulus for the establishment of new schools.
- Give local authorities power over teacher pay and conditions in the schools which they run, effectively ending nationalised pay bargaining for teachers, although councils could still choose to agree nationwide deals through the Convention of Scottish Local Authorities (CoSLA).

6.2 Further and Higher Education

Further and higher education, though different in nature, both contribute a great deal to society in Scotland. As such, it is vital that they are structured in a way which benefits both taxpayers and individual students alike. Below are specific ways of improving the structure and financing of further and higher education in Scotland.

- Ensure that there is a better balance in the funding of higher education with graduates contributing towards the cost of their higher education by means of a deferred fee to be repaid once they earn more than the Scottish average salary. This reflects the fact that both wider society and individual graduates benefit from higher education, but at present only wider society is paying through the tax system with graduates not contributing.
- The Scottish Government would continue to fund a set proportion of the average cost of a degree broken down by subject area with the deferred fee incurred by the student meeting the additional cost. The deferred fee would only be re-paid once the graduate is earning more than the Scottish average salary, currently around £23,000 and would be collected through the Student Loans Company.

- Commission research as to the true cost of tuition in Scotland, at which point an average proportion that the government would contribute could be agreed with higher education institutions.
- Use some of the extra money raised from a graduate contribution to expand the availability of student loans to all students and to raise the point at which they start being repaid to the Scottish average salary, in line with the proposals for the deferred fee.
- Make it a condition of grant that higher education institutions are willing to take transfer students who have successfully completed HND and/or HNCs into later years of study on a degree course where the subject content is comparable.
- Scrap the Scottish Higher & Further Education Funding Council with its functions transferred back to government so that funding would come direct from government.
- Make the Scottish Qualifications Authority a fully independent charitable body with its accreditation arm retained as a full part of the Scottish Government.
- Expand the existing provision which allows school pupils to study at colleges so that from the age of 14, or where an individual starts working toward their Standard Grade examinations, they should be able to choose to carry out that study at a college or school of their choice.

7. Delivering Stronger Communities

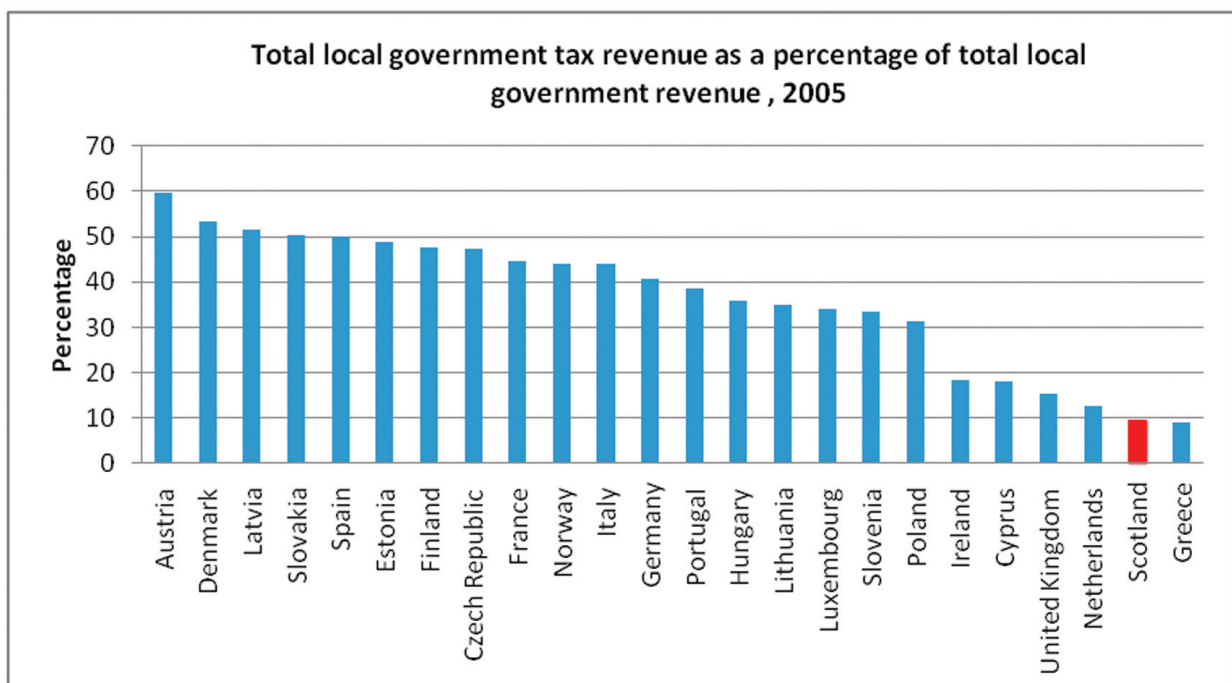
Over time, too much power has been taken away from people and local communities in Scotland and transferred to central government. The public are increasingly unhappy with the results of this because it has not led to the quality of public services seen in many other countries and has opened up an increasing divide between the governing and the governed who have little ability to shape their own lives and the future of their communities.

The key to changing this and creating a better, fairer society is to ensure that power is exercised by people or as close to them as possible so that they assume greater responsibility for their own development.

7.1 Local Government

Local authorities are one of the main foundations of any democratic system of government. In Scotland, they have played an enormous role in the development of our society over hundreds of years. However, their role has diminished over the last century and particularly in the period since the Second World War. This process of centralisation has not delivered the improvements in public services seen in many other European countries. At the same time, it has led to an increase in the central bureaucracy required to monitor the array of central controls.

The graph below illustrates how dependent local authorities in Scotland are on central government when compared to their European counterparts.



We need to reverse this process as a matter of urgency. Diversity is one of Scotland's defining characteristics as a country and sensible policy recognises this and builds unity through accepting this diversity. A revived local democracy and localism is the key to progress right across society as it is only by trying many different experiments in many different places that we discover innovative ways of doing things and identify those that work. Below are some specific ideas to move us in this direction.

- Establish a new constitutional relationship between the Scottish Government and local government based on three clear principles:
 - local authorities would have responsibility for all areas which were not specifically reserved to the Scottish Parliament;
 - tasks should be carried out at the lowest administrative level possible;
 - councils would provide clear and transparent information on their activities to ensure proper local accountability.
- Enhance the role of local government as recognition of its role as a fundamental pillar of democracy and as an essential part of achieving the objective of better public services.
- Enable councils to decide for themselves how a service should be provided or if it should be provided directly by them at all.
- Ensure that local government raises most of the money it spends which is essential if councils are to have greater autonomy and be more accountable to their local communities for the decisions they take.
- Return business rates to local control as a first step towards allowing councils to choose from a range of different taxes so that they are not limited to one tax as at present.
- Remove the ring-fencing of money coming from the Scottish Parliament to local authorities, with this money coming in the form of a block grant based on population and need so as to give local authorities discretion as to how funding is used.
- Let local communities decide the structure most appropriate to their particular needs since there is no perfect blueprint for the structure of local government in Scotland as effective councils come in all shapes and sizes.

- Give local communities the right to acquire powers over local services such as planning, recreation and primary education which are controlled by smaller, more local councils in countries such as Sweden and Norway.
- Provide an opportunity for local communities in Scotland, starting with the four main cities, to vote in a referendum for a directly elected Mayor or Provost.

7.2 Voluntary Sector

The third sector empowers people, enabling them to come together to achieve shared goals or tackle specific problems which improve society. It provides clear benefits to society because in many areas it has pioneered new and better ways of meeting the needs of people and, simply by offering an alternative to public sector provision, it enhances the choices available. Therefore, we need a shift in power from government to the institutions of civil society and, in particular, an increase in the role of the third sector in Scotland. Such a change cannot be achieved overnight, but below are some specific steps which can take us in this direction.

- Increase the take up of direct payments by removing the barriers to greater take up such as unnecessary bureaucracy and lack of awareness of the scheme amongst local authority staff.
- Extend eligibility for direct payments, for example by giving local authorities the power to provide payments to carers as in England.
- Extend self-directed support beyond social care as well as setting the parameters for combining social and health care plus other budgets into one direct payment or individual budget.
- Expand the role of the third sector in the provision of public services by giving local communities and people much greater control over the services they use, enabling them to choose services that best meet their needs and foster a wider range of providers which are the keys to higher standards.
- Encourage greater participation in voluntary activity through a 'Voluntary Service at Home' scheme which would enable gap-year students, amongst others, to become involved in charity work at home, similar to work they often undertake abroad.

- Consider devolving employment law and some of the responsibilities of the Department of Work and Pensions to the Scottish Parliament since devolving employment law would help in the extension of direct payments and more local control over areas such as finding employment for benefit claimants would help smaller Scottish voluntary organisations in their bids for work.
- Set up a pilot scheme to evaluate the benefits of transferring responsibility for community health to councils as a means of improving the co-ordination of social work, social care, education and health as well as facilitating the combination of different budgets into one direct payment or individual budget.
- Focus on developing robust and objective means of measuring outcomes to enable better comparisons to be made of the effectiveness of services provided by local authorities and other bodies.

7.3 Planning and Housing

The planning and housing systems in Scotland do not currently strike a balance between development and conservation with which most people are happy. This is because they do not respond effectively to the needs and wishes of people living here since too many decisions are taken by bodies which do not have the necessary knowledge to make decisions for diverse communities across Scotland. The way to remedy this situation is to give local communities and people much greater control over how their own parts of Scotland develop.

This is the best way to ensure that we meet our future housing needs, allow the economy to develop in a sustainable way and preserve the environment of Scotland. Below are some specific recommendations to move us in this direction.

- Making local authorities responsible for raising most of the money they spend would mean that new development – whether residential or commercial – would bring extra revenue to local authorities outweighing the cost to councils of providing additional public services.
- Devolve local planning decisions to the level of the local community to ensure that decisions are taken as close to the affected community as possible since this, combined with an appropriate system of finance, would help to achieve the right balance between local economic development and the preservation of the local environment. This would only happen where a local community wished to go down this route and a properly-constituted community council was in place.

- Change the role of ‘quangos’ in the planning process so that they either become part of government or fully independent, while ensuring that such bodies become properly accountable to the relevant planning authority.
- Ensure a level playing field for providers of essential infrastructure such as water and sewerage services by giving planning authorities greater freedom to set their own regulations in these areas. This would enable developers to investigate alternative ways of supplying these services using new technologies.
- Shift from providing support for building new social housing to support for households, empowering them to make choices about housing for themselves.
- Transfer responsibility for Housing Benefit from Westminster to Holyrood along with associated funding, which would enable a new and simpler Scotland-wide system of housing support to be developed.
- Grant all tenants the same rights by extending assured tenancies of unrestricted length and balancing this by enhancing landlords’ rights to repossession for rent arrears and abuse of property.
- Give local authorities the responsibility for ensuring that additional advice and support is provided to those unused to paying rent.
- Determine housing policy, such as support for home ownership, building guidelines and the transfer of housing stock, at the local level with the Scottish Government concentrating on providing the necessary support to households to ensure that policies are more responsive to local needs and so help to provide a better balance between supply and demand.
- Encourage diversity and innovation in housing provision and particularly in relation to the funding of new infrastructure through methods such as Tax Increment Financing and municipal bonds, with such models being developed in conjunction with the Scottish Futures Trust.

