

Working Better, Together

About Reform Scotland

Reform Scotland, a charity registered in Scotland, is a public policy institute which works to promote increased economic prosperity, opportunity for all, and more effective public services. Reform Scotland is independent of political parties and any other organisations. It is funded by donations from private individuals, charitable trusts and corporate organisations. Its Director is Chris Deerin and Alison Payne is the Research Director. Both work closely with the Trustee Board, chaired by Lord Jack McConnell, which meets regularly to review the research and policy programme and carry out their legal responsibilities.

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Working Better, Together

Discussions around the balance of powers at Holyrood have become too tangled up in the constitutional debate. There are real problems with the current settlement - for example, in the Scottish Parliament's over-reliance on a single tax. But rather than find compromises and solutions, politicians too often retreat to their familiar constitutional positions - Unionists not wanting to "give in" to the SNP, or Nationalists pushing for full independence rather than seeking to make devolution work better.

As a result of this lazy divide, consensus and long-term policy discussion is all too rare.

As Holyrood marks its 25th birthday, and with a General Election on 4 July, there is an opportunity to seriously consider changes that would make devolution work better for the people of Scotland. Reform Scotland has set out six policy options which we believe would strengthen Holyrood and make it more effective.

1. Welfare powers
2. A new economic settlement
3. Scottish immigration policy
4. Joint working
5. Strengthening the Scottish Parliament
6. Cross party politics

Welfare powers

Welfare is in a mess. The administrative split between HMRC and the DWP at Westminster is not efficient, and yet Scotland has created the same illogical split between two agencies.

Some welfare powers have been devolved and some have not, with little logic seemingly applied to the choices made. For example, housing benefit is not devolved, though responsibility for housing is. Funeral support payment is devolved, but bereavement support payment is not. This spread of responsibilities leads to a lack of transparency, as well as an inability to consider broad and consistent reforms due to the interaction of different payments.

There is no reason all of welfare should not be devolved to Scotland to enable cohesive policy development. Gordon Brown devolved all of welfare to Northern Ireland in 1998. The precedent has been set, and it would make sense to do the same for Scotland.

Further reading: [The Tangled Web of Social Security – Jeremy Balfour](#); [One for all](#)

A new economic settlement

The current financial settlement has left Holyrood hugely reliant on a single income stream, in the form of NSND income tax. On-shore Corporation Tax has already been devolved to Northern Ireland. Devolving it to Scotland would enable the Scottish Government to take the opportunity to design a tax policy that attracts more entrepreneurs and incentivises the creation and development of new businesses.

Borrowing powers also need to be reviewed. Under the Fiscal Framework Agreement, the Scottish Government can borrow up to £3 billion cumulatively for capital expenditure, with an annual limit of £450 million in 2023-24¹.

Preventative spending programmes are badly needed in order to turn around some of the policy problems facing Scotland. However, at a time of budget cuts and shrinking resources, revenue is understandably being prioritised towards fire-fighting difficulties rather than preventing them occurring in the first place. While borrowing should not be used for revenue expenditure, schemes could be drawn up to enable borrowing for preventative spending programmes - by preventing problems from getting worse, the costs at the sharp end of delivery will reduce. Strict rules could be drawn up in conjunction with Westminster.

Further reading: [Taxing Times](#); [Growing Up: A Corporation Tax for Scotland](#)

¹ [Scottish Government capital borrowing and bonds: memorandum - gov.scot \(www.gov.scot\)](#)

Scottish immigration policy

Scotland is facing a demographic crisis. The population is set to become older, and it is the only part of the UK projected to have a smaller population by 2045.² We desperately need to retain and attract more working-age people. However, politicians from the two main parties at Westminster are trying to reduce immigration, based on political pressures south of the border. This means that whoever wins the general election, Scotland's needs may be overlooked. Our circumstances are different to the rest of the UK, so a policy needs to be developed which reflects this. A UK government should seek to develop a more tailored Scottish solution within the current system. This could include:

- Removing Scotland from the immigration cap
- Allowing people to work in Scotland but not elsewhere in the UK (the 'S' identifier in the tax code enables this)
- Develop Scottish-only schemes such as a Fresh Talent 2.0

Further reading: [Entry Points; Taking Scotland out of the immigration target;](#)

Joint working

For too long, Scotland's two governments have given the impression of working against one another rather than combining to advance the nation's interests. There are a number of policy areas that require more joined-up thinking and to enable this, a better working relationship between the two is badly needed. Like it or not, we are one island and there will always be times when it makes sense to collaborate. For example there should be a closer partnership when it comes to reaching Net Zero, or considering road pricing. Similarly, it makes sense not to keep re-inventing the wheel on innovation. The NHS in England has developed an app with an identity verification solution, which enables users to order repeat prescriptions, book appointments, and view personal health information, among other functions. The app has more than 33 million users.³ No such system exists in Scotland and there is only a goal of having a digital front door created by the end of the current Scottish Parliament.⁴ Surely there is an opportunity to learn from and share innovations such as the NHS app on a cross-border basis.

Although the purpose of this paper is focused on the dynamic between Holyrood and Westminster ahead of the UK General Election, it is worth stressing that improved relations are not only required between those two tiers of government, but also between Holyrood and local government. Throughout the period of devolution there have been committee reports and cross-party support for greater decentralisation within Scotland and for local government renewal. But nothing has changed. Indeed, policies such as the council tax freeze suggest the balance is getting worse rather than better. Reform Scotland believes that the nation

² [Scotland's Population 2021 - The Registrar General's Annual Review of Demographic Trends | National Records of Scotland \(nrscotland.gov.uk\)](#)

³ [NHS England » NHS App reaches record users on fifth anniversary](#)

⁴ Scottish Government FOI response 23 Feb 2024

needs a debate focused on the specific measures that can regenerate local democracy and communities, and has proposed a variety of options, including:

- Directly-elected mayors
- Full devolution of council tax, including the ability to replace it
- Full devolution of business rates

Further reading: [Pay-as-you-drive Road Pricing](#); [Powering Ahead](#); [Devolving Scotland](#); [Localising Power](#)

Strengthening the Scottish Parliament

The institution, as well as its powers, is in need of renewal.

It is 25 years since the opening of the Scottish Parliament and while there have been many successes and an ability to develop Scottish solutions to reflect the issues we face in areas like health, education and justice, we would be doing a disservice to Scotland and future generations if we were not willing to reflect on the elements of that original plan that have not worked well in practice.

The committee system has become ineffective in contributing to forward thinking and scrutiny. The strong whipping system used by parties has made most debates and even question sessions in the chamber predictable. Alternative voices within parties have been silenced, rather than encouraged in an open parliamentary system. The disregard for the principles of freedom of information and transparency stand in contrast to the early years. The result of all this is poorer legislation, less accountability for ministers, a lack of confidence amongst the public and a wider lack of ambition and inspiration in our politics.

Some of the necessary changes, such as electing committee convenors, can be enacted by the Scottish Parliament itself, and it is a matter of regret that it has failed to do so. However, other changes, such as giving MSPs the rights of parliamentary privilege enjoyed at Westminster, as well as the ability to initiate judicial inquiries, would require reform by Westminster.

Further reading: [A blueprint for a more effective Scottish Parliament: Murdo Fraser](#); [Devolution at 20: Jackie Baillie](#); [Devolution at 20: Alex Neil](#)

Cross-party politics

Holyrood was supposed to do better. In the early days of devolution there was both the sense and the intention that the Scottish Parliament would work differently to Westminster. Less of the 'Punch and Judy politics', more constructive working across party lines, hopefully also taking a longer-term view of the national interest. Other than on a few rare occasions, it hasn't worked out like that.

Positions have been entrenched, often along constitutional lines, and the parties have fought one another every bit as intensely as their equivalents do at Westminster. As a result, despite politicians often agreeing that long-term decisions and action are required in certain areas, short-term political advantage is sought instead. This has to change. In far too many policy areas - be that funding social care, investing in road and rail infrastructure, higher education funding, or much-needed NHS reform - there has been little attempt to find common ground and a way forward.

This General Election coincides with 25 years of devolution and takes place two years ahead of the next Holyrood election. There are huge issues facing our devolved public services and difficult choices need to be made. Only through collaboration and by being honest with the electorate about the challenges ahead can those vital reforms begin.

Further reading: [How should undergraduate degrees be funded](#); [The cost of caring](#); [NHS2048](#); [Getting on Track](#)

