SUBMISSION FROM SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

Introduction

1. SCVO welcomes this opportunity to provide views to the Special Committee established by the Scottish Parliament to consider the Scotland Bill. During the Calman Commission and National Conversation, SCVO focused its responses on issues of specific concern to our sector as a whole whilst facilitating debate among our members on particular aspects or powers which were under consideration. We have also been involved in the UK Government’s Calman Implementation group on finance, primarily to inform consideration of charity tax and giving implications of the Bill.

2. SCVO is disappointed by the truncated timetable for consultation that has been established by the UK Government. Given that this Bill is concerned with the powers of the Scottish Parliament, it is important that scrutiny by this Committee and by people and institutions in Scotland is detailed and rigorous. Beyond political considerations associated with the date of the next election for the Scottish Parliament, SCVO does not recognise any pressing need for proceeding with this Bill without adequate time for debate and reflection. This debate should fully involve civil society.

Our Principal Areas of Comment

3. Scotland’s third sector is a diverse and pluralistic community and individual organisations will have differing views on many of the specific aspects of the Bill. As an umbrella body, SCVO provides a sector view focused on the more general aspects of the Bill. This view has been validated by SCVO’s Policy Committee which is elected from our membership. At a sectoral level therefore we are principally interested in the following areas:

- issues to do with the genesis of the Bill, the process of consultation and decision taking and the policy interests of voluntary organisations and wider civil society in Scotland
- public policy and the management of public services in areas which are not included in the Bill but where current devolution arrangements are unsatisfactory in practice.
- specific issues of concern to voluntary organisations

4. It follows that SCVO does not have a specific view about the central feature of the Bill: the proposal to devolve some tax raising and limited borrowing powers to the Scottish Parliament.

5. However, many voluntary organisations do have a keen interest in ensuring the level and stability of funding for public services which are the responsibility of the Scottish Parliament. Our sector is also keen to avoid any uncertainty or, as now, major reductions in public expenditure, as these have an adverse effect on voluntary organisations and the people they serve.

6. Voluntary organisations also have an interest in creating the conditions for a successful and sustainable economy, as this can both improve the lives of the people that voluntary organisations serve as well as helping voluntary organisations themselves to thrive.

7. There is an argument in current debates that the fiscal powers of government, whether at a UK or Scottish level, are key to these objectives. But the evidence underpinning this argument is not as strong as some of the current debate implies. Some longer-term strategies, such as the creation of funds from extracting natural resources, may well be more significant for Scotland’s economic prospects than any short term tax and spend options.
8. We hope that the Committee will consider the proposed tax varying powers in the Bill through this lens.

Getting the process right

9. Our major criticism with the Scotland Bill is with the process which led to its publication. It is nearly 12 years since the first Scottish Parliament adopted the principle of taking a participative approach to the development of policy and legislation. Voluntary organisations have embraced this principle with enthusiasm and are regular contributors to all stages of the legislative processes of the Parliament. We therefore have the following concerns:

- The Calman Commission and Scotland Bill have, in our view, failed to live up to the high expectation of openness, inclusion and participation which have become the norm in Scotland:
- A Commission which was not inclusive of different perspectives on the principal issues and limited to the policy options presented by just three out of four major political parties
- There has been a lack of due consideration and public debate about the policy options. The Calman Commission received evidence and published its report. The UK Government declined to engage in any open option appraisal prior to publication of the Bill.
- A process which has been dominated from beginning to end by politicians and political considerations. SCVO believes that civil society has an important role in building public understanding and involvement, in being a key conduit between people and government and in developing consensus beyond the political domain. This role has been overlooked by the Bill process.

10. If the Bill is enacted then an unhelpful precedent will have been set – power devolved is power retained and the UK government will determine the future parameters of devolution with insufficient regard to the views and interests of the people of Scotland. We believe one potential option could be a “consent referendum” to be associated with major changes to devolution.

11. In the one area of specialist interest to SCVO, the Calman Commission made an ill-considered and idiosyncratic proposal to reserve some aspects of charity law. We are pleased the UK Government disregarded this proposal promptly.

Major Omissions

12. In practical terms, the Scotland Bill fails to address some major public policy and service delivery areas where the current devolution settlement creates difficulty, duplication or overlap with reserved responsibilities. The impacts of these deficiencies have long been apparent to the policy and practice community in Scotland and the failure to consider reform by the Commission or the UK Government is regrettable. We highlight some of these areas below:

- **Divergence of reserved benefits and devolved care.** There are growing pressures here as a result of demography and the increasing divergence of systems and policies across the devolved administrations. A single UK benefits system is no longer able to articulate with free personal care, and other devolved policy around education, health and transport. For example, there are particular issues created by reserving Disability Living Allowance (Mobility) while disability transport is devolved. Planning future devolved funding and care services has become contingent on the outcome of the
Dilnott Commission (on the Funding of Care and Support), pension legislation and other UK Government decisions.

- **Employability services.** The UK Government Work Programme sits uncomfortably alongside other services provided by the Scottish Government (through Skills Development Scotland), local government and other funders such as the European Social Fund. A complex and often competing set of initiatives have emerged with no single customer interface and considerable duplication. At the very least, options such as devolving responsibility for JobCentrePlus operations to the Scottish Parliament or making the Scottish Parliament responsible for the operation of the Work Programme ought to have been considered.

- **Distribution of proceeds from the National Lottery.** What is currently a complex mix of UK and devolved responsibility could have been resolved in this Bill so that the proceeds from the National Lottery, where they relate to devolved matters such as charity, the arts etc. could become the responsibility of the Scottish Parliament. The (previous) UK Government decision to divert proceeds intended to benefit the work of charities to the London Olympics is an example of the difficulties which have resulted from the failure of the current devolution settlement to deal with this issue.

**Specific issues for the third sector**

- The impact of the Bill on charity tax reliefs, particularly the Gift Aid system. The Scotland Bill proposals on tax will affect Scottish donors and UK charities. Subsequent changes to income tax rates in Scotland will affect all charities who receive donated income from taxpayers. We are currently in discussion with HMRC on this issue.

- Avoiding the regressive move to a single UK charity definition. We are pleased that this proposal from the Calman Commission will now not be pursued. It had no support that we were aware of from Scotland’s third sector.

- We are aware that many voluntary organisations have specific perspectives on the proposals for further devolution in the Scotland Bill. Areas of particular interest to parts of the third sector are likely to include Landfill tax, stamp duty, marine powers, drink-drive and speed limits, air weapons, drug licensing, animal health and immigration policy.

**Conclusion**

13. Review and reform of the devolution settlement and the powers of the Scottish Parliament is, after 12 years, both timely and necessary. We anticipate periodic review in the future as the dynamics of government and the relative importance of particular aspects of public policy vary over time. What makes this particular review so disappointing is its narrow and over politicised mandate, its failure to engage with civil society in Scotland and the omission of some major issues where a more efficient outcome might actually make a difference to the lives of the people of Scotland. A way forward for future consultation on Scotland’s powers would be to lay out a set of principles and a framework for consultation, one which fully involves civil society at the outset.

**References**

*Scottish Third sector Statistics 2010, SCVO*


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