



HOUSE OF LORDS

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The Select Committee on the Constitution
Inquiry on

THE UNION AND DEVOLUTION

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Questions 134 - 140

FRIDAY 11 DECEMBER 2015

10.30 am

Witnesses: Claire Baker MSP, Baroness Goldie MSP, Maggie Chapman
and Councillor Robert Brown

Members present

Lord Lang of Monkton (Chairman)
 Lord Cullen of Whitekirk
 Lord Hunt of Wirral
 Lord Judge
 Lord MacGregor of Pulham Market
 Lord Morgan

Examination of Witnesses

Claire Baker MSP, Labour, **Baroness Goldie MSP**, Conservative, **Maggie Chapman**, Co-convenor, Scottish Green Party, and **Councillor Robert Brown**, Liberal Democrats

Q134 The Chairman: Can I thank all four of you for coming? We have an hour for this meeting. As usual, we expect to run out of time. I am sure you understand that, and my colleagues certainly do. I will not bother with introductions. We have seen your CVs and they are all extremely impressive. We are very grateful to you for giving up your time to come and talk to our Committee. You probably know a fair amount about all of my colleagues so I will just press straight on. The basis of our inquiry is about the union and devolution, the relationship between the United Kingdom and its institutions, the devolved areas of the United Kingdom and their institutions, how we can improve them and to what extent we need restate the position of either or both.

The first question I would like to ask you is this. We have heard from some quarters that Scottish politics has become separate from the politics of the rest of the United Kingdom. Do you agree that this is the case? If so, do you think we should try to change it and how would you go about doing it?

Claire Baker MSP: I am not sure that I would accept there is a vast difference between Scottish politics and the rest of the UK, or between our voters. If you look at England as a country, there are regions within England where people vote differently or have different views. I do not think Scotland is that separate. When we look at polling around how people feel about many of the big issues, there is not really much difference between Scotland and England.

I also think that there are political advantages for some parties to exploit what they see as differences between Scottish and English politics. In many ways, Scottish politics fits a current European model of people looking for something different, looking for change and looking for parties that are more anti-establishment and able to express that. English voters

have a different set of choices around that, but at the general election, even though we had a Conservative majority Government, the actual polling figures reflect people looking for different types of political parties and different voices. While there are different electoral systems—we have a proportional system and the UK has a majority government system—when you look at how people are voting, I do not think there is that much difference between what is driving Scottish voters and what is driving other voters across the United Kingdom.

The Chairman: Yet every Parliament in the United Kingdom is led by a different party.

Claire Baker MSP: Yes. I think people have the same concerns. They end up with different answers to them, but there is commonality in what people value across the United Kingdom. If we are looking at strengthening the union, how people express that commonality is one thing, whether it is around common values for our public services, solidarity or social unity across the United Kingdom.

Baroness Goldie MSP: I disagree with the premise that Scottish politics has become separate, but it is probably predicated on, frankly, a party-political perception. The reality is that the dominant political influence in Scotland is the SNP, with a majority in the Scottish Parliament and with all but three Scottish MPs at Westminster. Yet that is a party that does not believe in the United Kingdom and stands in only one part of the United Kingdom to seek election. Interestingly, it also contains supporters and voters who do not believe in separation. To use party-political representation as a barometer is a crude and inaccurate assessment.

I would agree with much of what Claire has said. If you look at some of the social attitude surveys in recent years, the interesting feature has been that, on a broad range of issues, there is not a great deal of difference between what people in Scotland believe and what people in the rest of the United Kingdom believe. I was quite intrigued by something that Professor John Curtice and Rachel Ormston produced back in 2011 in a ScotCen study. It concluded that, “Although Scotland is more social democratic in outlook than England, the differences are modest at best”. I found that an interesting conclusion.

As Claire was saying, there have been numerous pieces of commentary since then. The British Social Attitudes survey showed very closely related views across major issues of policy. It is striking that, in these surveys, the outlier is not Scotland in relation to the rest of the United Kingdom; it is London in relation to the whole of the United Kingdom.

The Chairman: A very interesting and very stimulating contribution.

Maggie Chapman: I too would agree with quite a lot of what Claire has said. As Annabel mentioned, the social attitudes survey indicates that there is not a huge difference between

Scotland and the other nations in what people care about. The basis of politics is maybe not that different, but the way the Scottish people choose to express and choose to act in the culture of politics probably is different. That has been developing over the last few years, primarily around the referendum, but also with other factors.

One thing we see quite clearly is that what people think politics is may be different. The issues are the same, but how that is expressed is different. There is a much higher level of engagement in politics as something that we all do every day. I sense that as being a difference. What we care about may be quite similar, but the participation in politics and the understanding that there is a role for participation on a daily basis across Scotland is probably something that marks us out as different. That is driven by the different political system that we have. Proportional representation enables a much more participative and diverse expression of social democracy to be explored and manifested in day-to-day life. The diversity and relative success of the different political parties in Scotland reflect that attitude.

Councillor Robert Brown: I agree with part of what my colleagues have said on this, but I would like to make two or three points. First of all, the first past the post electoral system at the UK level distorts the popular representation across the UK and has a malign influence at the general election. For example. I personally have a strong criticism of the Prime Minister's statement, the day after the referendum, about English votes rather than what the future of the union would be. That has led to a kind of politics that has an element of beginning to tear people apart, if we are not very careful. On the one hand, we have the SNP, which is interested in the breaking up of the union, and, on the other hand, we have the Prime Minister from the Conservative Party, which has a strong interest in developing the SNP threat issue. That played into the politics. There is an interrelation between the structures and the way politics is taken forward. I accept what I have said there will be controversial, to a degree, to some of my colleagues, but the facts speak for themselves in that way.

On social attitudes, as has been rightly said, I do not think there is the same element of difference, but we would underestimate change if we did not recognise that there are now a lot of people in Scotland who are obsessed about the constitution, one way or the other. They either want to see change in terms of the break-up of the union or are very strongly against change. For many people, that is becoming the very strong dominant thought in the way they express their votes. That is something to be watched in the future. The issue for us is how we can challenge the diffusive force and concentrate on things that are more coherent and draw the UK together.

The Chairman: I accept what you say about people at the political level thinking much the same about a lot of issues, but there has been a change of mindset in the last few years in the sense of nationhood, illustrated by the fact that, where people used to say they were British and Scottish, they now say they are Scottish and, “Oh, yes, I suppose I am British too”. Do you recognise that distinction that has developed recently?

Baroness Goldie MSP: May I ask: is that a personal, subjective view or is that borne out with evidence?

The Chairman: No, that has been found in opinion polls. You do not think that would be a change.

Baroness Goldie MSP: My colleagues may have a different view, but I have always felt that there was nothing mutually exclusive about being Scottish and British. I am both and I am proud to be both. Scotland, as is the case for Wales, Northern Ireland and England, has different cultures and institutions, if you consider our legal system and the rudiments of our educational system. These were differences recognised by the Act of Union and protected after the Act of Union. If you have these different cultures, traits and characteristics, you are going to have, essentially, the components and characteristics of a different part of the United Kingdom. That is something to celebrate and something of which to be proud. To me, there is absolutely nothing irreconcilable with that situation and being a very proud, firm part of the partnership that is the United Kingdom.

Councillor Robert Brown: It has to be balanced by the way in which the Government or institutions reflect these things. Scottish and British identities have gone in parallel for the best part of the last 300 years, but now they are being presented as opposites: you either choose to be Scottish or choose to be British. The way in which the SNP’s dominance of the political landscape in Scotland has affected that is quite important. How do we move to a position where there is a looser federal union—federation is one of our themes here—and which allows a more diverse, modern and pluralist concept of the United Kingdom to emerge?

Q135 Lord Cullen of Whitekirk: We have heard a certain amount of evidence about the value and benefits of the union. Each of you represents parties that favour the union.

Maggie Chapman: I do not.

Lord Cullen of Whitekirk: I beg your pardon. Can I ask you whether more can be done to project a positive image of the union, at least from a Scottish perspective? Perhaps I am asking that of three of you.

Maggie Chapman: I may have comments on that too.

Claire Baker MSP: At the moment, that is challenging. We have a Conservative Government at a UK level. Given the contrast between that and an SNP Government at a Scottish level, and the voting patterns of the majority of people in Scotland, it is quite difficult in current circumstances to sell that idea. How we do it is to try and rise above party politics and talk about the institutions that create our shared belonging, such as the BBC and the welfare state, and the things that underpin what it is to British.

How do we articulate that? There needs to be recognition, with the establishment of the Scottish Parliament, that people identify more strongly as Scottish. As part of that, if you look at what used to be our traditional ways of expressing ourselves in Scotland, whether through the trade union movement, the churches or civic society, all those institutions have declined in recent years and people look for a way to express who they are. Increasingly, nationalism fills that gap for some people.

How do we establish British identity? British identity is changing. It is not as unified or as homogenous as it used to be. There needs to be recognition that British identity is made up of different nations and that people will have a shared identity. We need to strengthen that feeling, rather than to choose between one and the other.

Baroness Goldie MSP: There is quite a swirling cauldron and it is difficult at times to see beneath the bubbles. Going back—and it is important we do not lose sight of this—to the referendum campaign and trying to identify what it was that persuaded a significant proportion of the electorate to reject independence, my sense was that they saw strength in the partnership of the United Kingdom. The best virtues of partnership are that you share resources, talents and skills, but also that, in times of challenge and risk, you stand together and shoulder that burden together. With the recent severity of both the recession and the bank failures, people were very conscious of that strength of partnership.

Teasing out from that, people also have a sense of social union. You might live in Glasgow, but, if granny lives in Greenwich or cousin Jimmy lives in Grimsby, you want a sense of social union. You want a sense that you could be up here and be Scottish and look after your own domestic issues, but also be part of a whole that had coherence to it. I am almost a bit coy about the use of the word “unionism”, but we should reflect what I feel are the clearly identified strands of being part of a United Kingdom family within that partnership.

Claire makes a good point that there is genuine confusion among many people in Scotland about who does what. What does the Scottish Parliament do? What does Westminster do? If you consider that, at the time of the referendum—and, indeed, Maggie and I served on the

Smith Commission—if I remember correctly, nobody was arguing, for example, that we should devolve the state pension.

Maggie Chapman: We did mention it.

Baroness Goldie MSP: Well, maybe you were arguing for it. The broad consensus was that something like the state pension, a fundamental component of welfare provision, was much better being dealt with at a United Kingdom level. There was stability and predictability to it and it cemented the social union of people moving around the United Kingdom. The same goes for core welfare provision.

Going back to Claire's point, how do we bring greater visibility to people in Scotland as to what the Scottish Parliament and the Scottish Government do? What is it that, quietly, is being effectively funded and administered by the Westminster Government? I remember, in the early years of the EU, driving in the Western Isles on a beautiful road. The first thing I noticed was a great big sign with the EU symbol that told me that this had been funded by the EU. It was a fantastic road and I felt that was a very effective visual connection between something good that was happening and who had made it possible. We are moving into an age where the Westminster Government, of whatever political hue, should be cognisant of the need to make more visible to the recipients of its services throughout the United Kingdom that it has provided them. Whether it is in an emblematic Union Jack, a logo on letterheads or whatever it may be, I do not know, but something needs to give a visible connection to the provision of service. Despite the new powers coming to the Scottish Parliament, a very significant part of core funding will still come from the United Kingdom Treasury and that will fund essential services in Scotland.

Councillor Robert Brown: Visibility is quite important—

The Chairman: Ms Chapman is entitled to speak, whether or not she agrees with the premise.

Maggie Chapman: I am happy to come in after you.

Councillor Robert Brown: Sorry. I beg your pardon. Go on.

Maggie Chapman: There are a couple of things here. Claire has already raised the issue of the BBC. One of the perceptions certainly among those who were campaigning for a yes vote during the referendum was that the Better Together campaign failed to articulate positive visions. It was personified in some ways as “Project Fear”. That came across very strongly, rightly or wrongly. Part of the problem was that the way in which the Better Together campaign was set up was for the BBC, and the BBC likes telling us stories about doom and gloom. That is how it works. Being able to articulate the positive case for the union was not

easy. The mainstream media was not interested. The message became that the future under Better Together, while better together, was not necessarily going to be that good. I appreciate that is not a fair reflection of what Better Together was trying to do. I opposed it, but that is how a lot of people saw it, even people who ended up voting no.

Claire said that one of the issues is that nationalism fills a gap, in order to deal with some of the issues that Scotland and other parts of the UK are facing. I reject that. I am not a nationalist. I do not count myself as a nationalist. What I saw not being articulated was any sense of collective solidarity or of moving our politics towards a social solidarity model.

We can see that very clearly in how the two Governments have dealt with various issues in the last two years. We have a Westminster Government of which there is a perception that they are breaking up the NHS. We have a Scottish Government determined to try to save the NHS. We have a Westminster Government that have gone down a route of welfare reform that is seen as an individualist approach rather than a more collective approach, securing social welfare across the piece. There is a whole range of other things, such as the cutting of renewable subsidies by the UK Government. Last night, we had Jeremy Corbyn stand up with Nicola Sturgeon to campaign against the Trade Union Bill, so it is not an either/or thing.

It is about how Westminster politics is perceived. It is not a positive image. It is about cuts, austerity, breaking up the NHS and cutting subsidies to things that are potential growth industries in Scotland. There is a tension there that is very difficult to resolve when it is underpinning the individualist political culture from London.

Councillor Robert Brown: I agree with part of that, but it may be overstated from a political perspective, if I can put it that way.

Baroness Goldie MSP: Very.

Maggie Chapman: Sorry, Annabel.

Councillor Robert Brown: There is an issue in terms of presentation. To give you a small example, there was an announcement recently about the compensation to people who were victims of flooding and you would have thought it was for victims in Cumbria. In reality, it was across the UK as a whole. A certain percentage of that went to people in Dumfries and Galloway and the Borders, who had suffered as well. You would not have known that from the news reports. It is an element of how these things are presented. There is a suggestion of good news stories coming from the Scottish Government, which—there are no two ways about it—are very switched on PR-wise, and bad news stories coming from the UK

Government. They tend to be about wars, defence cuts or, as you say, welfare reform and things of that kind.

There are much more positive things to be said. Pension reform, for example, has been a big success story of the UK Government, dare I say it, under the coalition period. The story about the UK's involvement in overseas aid is a big success story, in many ways. We are leading the world with what we are doing in overseas aid. There is a whole series of things to be said about the UK's contribution, but I do not think you would pick up much of this from the way in which these things are reported. That needs action by the UK Government, not in a clumsy way I hope, but in a sophisticated and sensible way. It needs the ability to project issues where the UK Government have made a positive financial or other contribution.

It is quite important to continue to make the case about the importance of the UK single market, the whole issue of being able to trade across the border without problems. My colleague Willie Rennie in his Hume Institute lecture spoke about the downside of having borders, whether actual or recognised ones, where there are different legislative and other arrangements on either side of the border.

The SNP answer to all this is to transfer power, but that is a misconceived view. The issue is what we do with the powers and how we work together. Much more emphasis on partnership, frankly, would be important. There is a lot of partnership working, even with the SNP Government, but it does not really get publicity. It is the stuff where there is a conflict or dispute that gets publicity. There should be more emphasis in the institutions on partnership working and working towards common objectives on these things as well. Those are probably the main points I want to make. It is mixed up with the politics around it. There are no two ways about that. That is perceived differently in Scotland.

A final point is that there is a national story behind all of this, which needs to be told. The traditional story has been one of wars, the Second World War, solidarity, national institutions and all these kinds of things. That is part of it, but it needs to be a more modernised view of the value of the UK socially, economically, politically, in terms of shared values and, indeed, ownership of the whole thing. There is a sense at the moment of a disconnect with the ownership of the UK project in Scotland, which we have to be able to overcome.

The Chairman: Thank you very much. That has been very useful.

Q136 Lord Morgan: There has been a lot of discussion about how you clarify, particularly for the benefit of the people of Scotland, the responsibilities of the Scottish Government and the United Kingdom Government. It seems to me that there are at least three issues.

Asymmetry seems to be one. Asymmetry, of its nature, breeds a sort of feeling that you need to catch up, but it also means you have to know where you are in the first place. I would say that the question of reserved powers is another one for which it has not been clear—certainly in Wales, which still does not have reserved powers—what the balance of responsibility is. Perhaps it might be clearer in Scotland.

I am inclined to feel, with some of the things we have heard, that there is also a feeling of extreme national sensibility. There was a lot of flooding in North Wales and Snowdonia, but I do not think we worried about the fact it was all about Cumbria. Perhaps excessive national or nationalistic sensibility confuses or muffles people's answers.

Councillor Robert Brown: First of all, I made the point earlier that the Liberal Democrats have been strong supporters of the federal approach towards this sort of thing. I think the time has come now that there are two alternatives for the general future structure of the UK: one is independence and one is federalism. Any other concept, frankly, does not now meet the case for the more diverse union we want to have. I hasten to say we are in favour of a federal union and strengthening the UK in that way.

However we do it, the time has now come to move on from the concept of devolution, which is a limited concept anyway. The idea of power coming down from the top rather than power up from the bottom is a bad one. Part of that has to be a separation at Westminster and Whitehall of the functions that are specific to the UK and the functions that are specifically English. The confusion there does not do us any favours.

Lord Morgan: What about the Scotland Office?

Councillor Robert Brown: The Scotland Office is relevant, but it is very small in the overall scheme of things. It is part of the issue, but there is a whole series of other things. Take, for example, EU representation. When UK Ministers, sometimes accompanied by other Ministers, go to Europe to talk about things like agriculture or fishing, these things are almost entirely devolved. Yet we do not have a proper mechanism for identifying a common, federal UK approach, as opposed to the approach of the UK Ministers or the Scottish Ministers. It is not the job of Ministers in that context to put a Scottish line or, indeed, the UK line in a limited sense. It is their job to put a common, agreed position that reflects the interests of the various Administrations around the UK and try to reach a common line, strengthening the influence of each of them by being a UK approach with the clout of the UK Government behind it.

That is just one example, but you could say the same about federal institutions. Are they recognised as such? Are they clarified as separated out? With the Treasury itself, we are moving towards the concept of a more federal approach with a Joint Exchequer Committee, for example, that looks at some of these things. There are issues about golden rules, about how the devolved Administrations deal with borrowing powers and all that sort of thing. There will be the Smith stuff as well. Frankly, though, I do not think it is sorted out. If you have a situation where the UK and English ministries are mixed up, it feeds into the EVEL issue as well, because, unless you can sort out the issues of who deals with what and have proper accountability from that, then you run into all sorts of difficulties there.

Finally, I have two points. There are areas of joint accountability to the UK and Scottish or other Governments. The BBC is part of that, and Ofcom and Ofgem have an aspect of that as well. I do not mean it is the same accountability, but there is a Scottish dimension to that. That is quite important to be dealt with. It is what you might call soft power. There are issues of influence in all of that, which affect quite important things. The Scottish economy is integrated with the UK economy, but it has aspects of its own. How does the whole anti-competitive stuff fit into that? There are a number of issues about whether we regard monopolies at a UK level or a Scottish level.

None of this stuff is fed out properly through the current ways of doing these things. If we have sorted out the proper powers of the Scottish Parliament, certainly in terms of substantial powers, then the issue now is one of the proper powers of the UK Parliament and Government, how these are operated and how they interrelate with the English dimension that lies behind some of this.

Maggie Chapman: There are a couple of things in what you said that I might draw out. As I said earlier, there seems to be a different understanding about what our political structures are for, or at least how they are perceived. Certainly for the vast majority of people I speak to, and I realise there is a political colouring to this, the Scottish political system seems to be there for the people. We talk about participatory democracy, about devolving budgets to communities, about communities having control and power over decisions that affect their lives. Contrast that with how the UK Government and UK politics are perceived. It is quite negative: they are not there for us; they are not there for me as an individual; they are there for themselves and playing their own game. That disconnect is a product of a whole range of things. It is not always a fair representation, but that is the perception.

It is not so much about what the different roles are. That question in some ways misunderstands the very fundamental difference in how those two political systems are perceived, understood, realised and experienced on the ground. If the UK Government are about saying, “You have to do this. You have to vote this way; otherwise bad things will happen”, again, it uses a very different type of motivation for engagement and for understanding how we can live, whether that is collectively across the UK or not.

You mentioned federalism and the values of that, but federalism also requires the devolution to those federal areas of finance and power over finance. As you said, the Treasury does not like devolving power; it does not like devolving authority over things. There may be very good reasons for that, but the result is that it is seen as distant, separate and “not for us”. It is not for the people.

Baroness Goldie MSP: Lord Morgan, I think your question was about clarifying the respective roles of the two Governments. It is important to try to put this in some kind of context. Devolution is not yet 20 years old. Everybody thinks we are having to rewrite constitutional methodology, treaties and all the rest of it, but, around the world, many devolved legislatures sit happily with their sub-bodies and people just get on with their respective tasks.

In a sense, distinguishing these two roles is going to become easier. I disagree with much of what Maggie was saying and some of what Robert was saying, but there is a common theme. There is no doubt about it that, in the last eight years in Scotland, the megaphone portrayal of politics has been the SNP, with all the resources of government to do that. That will inevitably present a very partisan view and, understandably, convey certain impressions to a listening audience in Scotland. That is going to change. I got a letter just this week from HMRC informing me about the Scottish rate of income tax, which we are having to deal with from next year onwards. That is just a part of what is now going to confront the Scottish populace in terms of the new powers coming out of the Scotland Bill. In a sense, there will be a helpful clarification to the people of Scotland about what the Scottish Government are responsible for and an argument that that perhaps introduces a new era of realism to politics in Scotland. It will signal very clearly to people in Scotland, whether you knew it or not, the Scottish Government are responsible for these things and you are going to have to make some choices as a consequence.

As to what the United Kingdom Government do, I have some sympathy with what Maggie and Robert were saying. It goes back to my earlier point about how you associate, physically,

tangibly and visibly for the people of Scotland, what the United Kingdom does as part of their lives, whether that is receiving a welfare benefit under Universal Credit, whether it is receiving a state pension, whether it is the very significant contribution to the economy of Scotland of the presence of the defence industry. There is undone work both in terms of structure and process, and in terms of representation of these structures and processes. For example, we have a developing and healthy relationship between the two Governments with Joint Ministerial Committees and other joint meetings that take place. The average person in Scotland has not a clue that any of that is happening. It may be known to the two Governments; it may be known to a group of politicians proximate to the two Governments, but why is it not known to the rest of Scotland? Why do we not say, “These meetings take place, and maybe one took place in London, while the next one will take place in Edinburgh, Inverness or wherever”?

For the sake of the United Kingdom, we need to broaden out these relationships and structures and, if a Westminster department is responsible for delivery of a particular service throughout the United Kingdom, make it visible in Scotland, Wales and Northern Ireland. You can do that. You can also do it in terms of how you represent political activity, not on any party-political basis but, for example, whether you agree or disagree with the base at Faslane, whether you agree with retention of Trident or you want to get rid of Trident, the fact is that, for the moment, that is a very important component of the United Kingdom defence capability and a very important part of the Scottish economy.

The Chancellor came to Scotland some months ago. He went to Faslane and he was pictured making an announcement about investment in Faslane. That was not to do with Trident; it was to do with renovating and refurbishing the infrastructure at Faslane. Whether we have Trident or not, we are going to have submarines and that is going to become their base. Regardless of party politics, that was probably good news for an awful lot of people in Scotland. They probably got that, because they saw news footage and they watched television programmes, but we need to do a lot more of that. That is regardless of which party is in power at Westminster.

Claire Baker MSP: We need to be careful that we are not living in and drawing our conclusions from a political bubble. Some of Maggie’s analysis of where Scottish people are does not recognise that, when Lord Smith completed his report, he made two statements. One was that he was astonished at the lack of knowledge people had of the powers the Scottish Parliament currently has. I think we underestimate that. During the referendum campaign, the

yes campaign argued about the NHS and gave the impression that we need more powers over the NHS when it has been devolved since the creation of the Parliament.

We are in a time of flux with the Scotland Act and powers starting to come through, and the additional powers from the Smith Commission. There will be changes over the next few years. I agree with Annabel. When I received my HMRC letter, I thought, “This will sharpen Scotland’s mind about who is responsible for powers”. The greater financial responsibility coming down probably will raise the awareness of who is making the decisions within Scotland.

When it comes to the relationships between the UK and Scottish Government, we had a debate in Parliament about intergovernmental relations a few weeks ago. You can put as many structures in place as you like, but you need the political will and commitment to make that work or it is not going to work. Things like the Prime Minister coming out on the day after the referendum talking about English votes for English MPs did not help the situation. That was unwise and it did not help if we are looking at a future union.

The Scottish Government have a different agenda in terms of whether they want the UK to work as a model. They are quite clear they support independence. How committed are they to making that relationship work? As I say, you can put many structures in place, but you need political will and commitment on both sides to make intergovernmental relationships successful, and for both Governments to be respectful and supportive of each other in the work they are trying to do.

The Chairman: Thank you very much. Time is moving against us a little. We have four more subjects that we would like to cover and that allows us about five minutes on each, with four of you answering. You can draw your own conclusions. I am sorry; I do not want to press you in any way, because what you have been saying has been extremely interesting and I do not want to inhibit further discussion.

Q137 Lord Judge: What powers need to be retained by the United Kingdom Government if the decision of the Scottish nation in the referendum is to be maintained? May I have only three from each of you, please?

Claire Baker MSP: I will be very brief. Polling consistently shows that people want foreign affairs, defence and the basis of welfare, pensions in particular, to be reserved. There will be, through the Smith Commission, some welfare powers coming to Scotland, which will lead to shared welfare powers, but the fundamentals of our welfare state will be retained. Those are

the three things that the majority of people in Scotland see as underpinning the future of the union.

Baroness Goldie MSP: I would agree with that, and add to it macroeconomic policy, which creates stability, and currency. There is support for the common currency.

Maggie Chapman: I am going to deviate slightly and say that, rather than issues, it is about how those things are talked about. Again, it is part of the political culture. Something that is damaging to retaining the union that Scottish people voted for last year is how the UK Government deals with issues that Scotland brings to the table. The political theatre around rejecting the SNP amendments in the Bill's discussion did damage. As Claire has said, there are specific issues that polling shows people want to remain reserved, but it is about how those issues are dealt with.

Councillor Robert Brown: I do not disagree with that. The core issues are the ones that have been stated. You could add emergency powers to that, because there are the war and peace issues that lie behind this. The UK Government have to have a coherence as well, and that is given to them by these sorts of powers.

The one other thing I would mention, and we might come on to this later, is the need to have some sort of overarching themes and purpose for the UK, as we touched on before. Could that be, for example, common objectives to eliminate poverty or to move towards that? Could there be something in the constitutional arrangements that mentions that sort of thing, for which the UK Government would have a key responsibility?

The Chairman: Thank you very much. That gives us a bit of leeway.

Q138 Lord Hunt of Wirral: This goes back to Ms Baker's point about welfare. Should there be a minimum level of welfare benefit set across the UK that devolved Governments can then supplement but never reduce? It is all about sharing of risks and benefits.

Claire Baker MSP: That would be an important principle that we would support. If you have a minimum level, it recognises how the welfare system works: that we pool and share resources from across the UK and, regardless of where you live in the UK, you receive that minimum support from the UK Government. I would be very supportive of that. It is an important factor in maintaining the union and people seeing the benefit of being part of that union.

Baroness Goldie MSP: Yes, and that is what was reflected in the Smith agreement and has been translated into the Scotland Bill.

Maggie Chapman: Probably, yes, as we saw through Smith. One thing I would say in addition is that, with that underlying baseline, anything additional needs to come with real power. The really important element here is that Scotland needs to be able to develop its own economy, not a separate economy, but an economy that supports Scottish communities and Scottish people, away from, as Vince Cable used to describe London, that “dark star”. We need an economic system that works in Scotland. One of the things we have seen recently, the removal of renewables infrastructure support, is a huge problem. It is seen as targeting Scotland, because it is one area of the Scottish economy that could be really well developed and it seems as if it has just been taken away.

Councillor Robert Brown: I agree with my two earlier colleagues. I have some sympathy with what you are saying as well. You were straying a bit more into the immediate political issues there, rather than the core powers and the potential for the economy. I think one of your colleagues made the point that people are made redundant as a result of change in the steel industry. You would expect them to have a common entitlement, as a base, being a member of the United Kingdom, across the whole union. That has to be the core thing, with power for the Scottish Government to supplement that. That is important, in the context of their budget.

Q139 Lord Hunt of Wirral: Carrying on with sharing of risks and pooling of resources, a lot of our witnesses have been talking about that “key principle”, as they call it, of the union. Tell me on what basis you think fiscal redistribution should take place. I am intrigued by this letter from HMRC; we must try and get a standard copy of this letter, just to know the impact it is having. How will fiscal redistribution in the UK be affected by the Scottish Parliament’s increasing revenue-raising and spending powers?

Claire Baker MSP: This is a key question in Scotland at the moment. When the Smith Commission reported, they had two principles: that the Scottish Parliament would have greater revenue-raising power, but that Barnett would stay as a system. Obviously, the Scottish Government and the UK Government are in negotiations at the moment over the fiscal framework. Those negotiations are secret, so we are not fully aware of what is being discussed. There is quite a lot of politics outside the negotiations over who is unhappy and who is asking questions, but we would urge the two Governments to stick at the negotiations and come to an agreement.

Nobody denies that it is going to be challenging to get a model that works and both countries feel is fair, but there have been suggestions brought forward by the STUC and by Anton

Muscatelli. There is a solution in there, so we would urge the two parties to stay around the negotiating table and come up with a deal that will work in future years.

Baroness Goldie MSP: The increases in devolved tax powers will result in less reliance on the block grant, and that is a policy decision. That does not undermine fiscal redistribution because that will still be, as Claire was saying, a significant component of the Scottish Parliament's budget and it will continue to be based on the principles underlying the Barnett formula. It is worth remembering why we have the Barnett formula: basically, it is to remove the annual political horse-trading over budgets. We need a mechanism that avoids that. It is very important to bear that in mind.

The other thing to remember is that it has always been acknowledged that, in Scotland, delivering public services is difficult because of our geography. We have a disproportionate element of remoteness and island populations in relation to the rest of the United Kingdom.

The Chairman: There is also density in the central belt.

Baroness Goldie MSP: The central belt is very densely populated. We have these particular challenges, which have been recognised in the past by the block grant. We also have in Scotland, undeniably, some very significant levels of need. Fiscal redistribution within the United Kingdom matters greatly. I do not want to be either inimical or provocative, but the significant element in all this is the economy of London and the south-east. That does not affect just Scotland; that affects the whole of the United Kingdom outwith that area.

Maggie Chapman: That last point is important. Any kind of fiscal redistribution cannot just be from one centre of financial clout to another. There needs to be serious thinking about how we get that spread throughout the UK. We argued during the Smith process that there is a contradiction in the notion of devolving some fiscal powers to Scotland while retaining Barnett. That contradiction is very difficult to work out. It is giving the Treasury headaches; it is probably giving everybody headaches. I am not sure anybody really knows how that should work.

There are a couple of important things around making sure real revenue-raising power comes with whatever deals are devised. That goes for across the UK, not just for Scotland. We do not want Edinburgh or the central belt to be able to replicate the drain on finance from elsewhere that we see currently happening with London.

Councillor Robert Brown: I do not think there is a contradiction between retaining or reducing Barnett and greater fiscal powers for the Scottish Government. That is common sense, to be quite honest. There are a couple of things I would say about that. First, there is an

automatic fiscal redistribution through pensions and welfare payments anyway, which I think is one of the purposes of the union.

Secondly, there will be a need, whatever the technical solution to the current financial negotiations is, to review this from time to time, over a reasonably long-term period. The issue and the principle lying behind it is that the Scottish Government should bear the consequences of their actions, good or bad, in terms of what they do on tax, their various new powers and so forth. On the other hand, they should not be landed with the consequences of wider issues that are the responsibility of the UK Government. It is how you work that one through in practice that is part of the issue.

There will be changes in the take of income tax and other tax revenues over time that balance the way it is done. If the UK Government decide to change the balance between direct and indirect taxes, that would have an effect as well. These sorts of things are longer-term issues that have to be kept an eye on. If I may make the point again, a more federal approach to all this has the potential to do something quite useful.

A final point is just on the question of London, which has been touched on. I personally think the whole issue of balance between the politics and the policies of London and the rest of the UK is quite an interesting theme that, under independence, would be quite troublesome. I think there would be a flow of head offices to the rest of the UK in that situation. Under a more federal approach, we could see alliances between different part of the nations and regions of the UK in a way that would rebalance the politics, and perhaps the economy to some degree, of the United Kingdom. London is a big advantage, but also a great challenge.

Baroness Goldie MSP: For the avoidance of doubt, I am not criticising the success of the London economy. I think it is terrific and I am very glad it is so successful. But it does impel a sensitive assessment of how you deal with the rest of the UK.

The Chairman: To go back to the minimum social welfare contribution, the expectation would normally be that the United Kingdom Parliament decides what that minimum level should be. Do you anticipate an input from the various devolved Administrations in reaching the decision as to what that level should be, and, if so, how do you think that would happen? Is that something you have thought about?

Baroness Goldie MSP: I am not sure I would expect that. Part of the reality of devolution is that devolved Governments recognise their political responsibilities to deal with devolved issues and get on with it. That is absolutely the case with the powers that the Scottish Parliament has at present and the powers that will come. It seems to me that, tacitly, although

the Scottish Government would love independence, they have acknowledged that to have this core provision of welfare benefit is not unhelpful. What they definitely wanted were two things: the ability to top these benefits up and the ability to create new benefits in Scotland, if they can afford to do that, and that is another issue altogether.

Given that, in the Scotland Bill, these two powers now exist, the Scottish Government will probably take the view that the core provision is the core provision. We will then get on with adjusting that in Scotland as we think we need to. It is not going to stop the party-political bicker, but that is life.

The Chairman: Is that the general view.

Claire Baker MSP: I would agree with the reality of that, but also recognise that within the UK Parliament everyone is represented. We have Scottish MPs as part of that decision-making.

The Chairman: Absolutely. I was not going to make the point; I am trying to be neutral.

Councillor Robert Brown: The only thing I would add is that there are issues that can overlap. Housing benefit is traditionally one of the more obvious ones, where there is a link with devolved housing policies. Some of the employment stuff is a bit like that as well. There are genuine issues where a partnership approach is called for and, despite the different political institutions, quite often exists in practical terms. I would anticipate that that will continue, whatever the formal structures will be.

Q140 Lord MacGregor of Pulham Market: Is there a better answer to the English question than English votes for English laws?

Baroness Goldie MSP: God knows.

Lord MacGregor of Pulham Market: Well, that is an honest answer.

The Chairman: We asked Ms Hyslop what the answer to the West Lothian question was. She said she was the Member for West Lothian, so she was the answer. Is there anything you would like to add to that?

Claire Baker MSP: I have concerns about the proposal from the UK Government around English votes. It undermines the principle of what an MP's role is and creates two different tiers of MP. We recognise the need to address the asymmetrical devolution within the UK, but in Scotland we had a successful constitutional convention to look at the difficult issues around this. I do not think anyone would deny that, at a UK level, there are difficult issues. I would favour a constitutional convention that brings together politicians, people with no politics, civil society, trades union and the church movement to discuss whether there is a desire in

England to have change and what that change would look like. Some of the things the Chancellor has been announcing around more powers for local government and strengthening the regions would seem to be part of the solution, rather than just a fairly blunt instrument in the UK Parliament when it comes to what people are able to vote on.

Councillor Robert Brown: The challenge is a number of things. The first is that there is an issue of how exactly England fits into the overall structures here. Increasingly, if I am judging it right, there is a desire in England to have some sense of certain things where there is an English identity and an English decision-making process. That is behind the EVEL thing. At the same time, there is increasing recognition of the advantage, as has been touched on, of devolving power within England to regional-type structures, with city regions and different powers at different levels. How all that works is a matter for England, but we are already seeing a greater degree of cohesion behind the idea of more powers for Yorkshire, perhaps for Cornwall and some of the other units in England as well. That is a matter for the English in itself, but, insofar as it reflects on the constitution of the UK at a national level, it is also a matter for the rest of us too.

I do not think English votes by itself is the answer. That is the big problem. Procedural changes in the Commons and the Lords may be part of the answer at the end of the day, but I do not think it works without a more organised structure. We are now at the point, as a number of your previous witnesses have said, that there has to be a more coherent approach to what the territorial constitution of the UK is going to be. My personal view is that that needs a UK constitutional convention. Ultimately, it needs a written constitution of the UK that defines these sorts of things. It means, as I said before, sorting out the UK and English institutions in London, and it needs a route map for how we are going to take this forward. It is not just the dry writing of constitutions; it is also the spirit behind it, which Claire touched on. You need to have public involvement, interest and support, and how that is brought about and encouraged as part of the debate is a big issue.

Maggie Chapman: I agree with what Claire and Robert have said. There needs to be rejuvenation elsewhere, in a similar way to what has happened in Scotland over the last three or four years. We see that there is a big constitutional question here, but it is not just about English votes for English laws; it is about what that kind of social democracy might actually mean. A convention is one way to start developing those.

I have never lived in England, so this is an outsider's perspective, but political engagement in England seems to have been quite degraded. There is not a sense of the same kind of

participation and engagement that we have developed in Scotland over the last three or four years. There is work to be done across the UK. Robert's point that this is not just for England is important. It goes way beyond the national boundaries we have in the UK. We need to look within each nation and at how those nations talk to each other.

Lord MacGregor of Pulham Market: The point really is to try to get the balance correct, so that, in England, only English MPs would vote on issues that, in Scotland, only MSPs can vote on. There is a danger that, if that does not happen, we will see an increasing amount of media attention in England on this, if we get to a point where Scottish MPs are influencing issues that English MPs cannot influence at all in Scotland.

Baroness Goldie MSP: On the back of what Lord MacGregor was saying, I have been very clear since the inception of devolution—and this is where I totally disagree with Gordon Brown—that one of the most disruptive influences on the union, and one of the most irritating facts of life for English voters, is to see MPs from Scotland, who have no electoral responsibility for the issues involved to any voter in Scotland, telling English voters how, for example, their universities will be funded or how their hospitals will be structured. That is a recipe for disaster and that has to be addressed. The pragmatist in me says that it needs to be addressed now.

When you ask the question of whether there is a better answer to the English question than English votes for English laws, I do not know, but I think this is as good as we can get at the moment. It needs to be done, it is important and I think it will dispel what I recognise as a turbulent sentiment running through England that is, above all else, totally unhelpful to the union. As someone who believes firmly in the United Kingdom, I want to see that sentiment dispelled as quickly as possible.

Claire Baker MSP: The other concern I have is that you then create a quasi-English Parliament within the UK Parliament, which is not the UK Parliament's function. We spoke earlier about how British people with Scottish identity feel. I fear that, if you create a quasi-English Parliament within the UK Parliament, it will make people feel more distant from the UK Parliament. I am not sure what the solution is. I recognise the challenge.

Where there has been debate around what we have responsibility for as devolved powers, such as health and education, is in the fact that UK Parliament decisions often affect budgets of those portfolios. If the budgets are reduced, we face the consequence. It is a very complicated issue. That is why we need a constitutional convention. This is a piecemeal, rushed solution to quite a difficult problem.

The Chairman: Would you accept, Ms Baker, that the anomaly was created when the Scottish Parliament was set up and the power was taken from Scottish MPs at Westminster to take part in the interests of their constituents in Scotland, because those powers have been taken to the Scottish Parliament? Therefore, the concept of two classes of MP was created then and English votes for English laws has come forward as a balancing factor to offset that.

Claire Baker MSP: We have not had a perfect system of devolved Government or creation of Parliaments. With the Scottish Parliament and Welsh devolution, there was a drive within the countries to see those institutions established. They were established, you could argue, without enough thought given to what the impact would be on other parts of the United Kingdom. At that time, there was not the foresight to see where we are now, so maybe there was not a feeling that these problems were going to become more acute. Tam Dalyell always promoted the idea and raised the West Lothian question, but there was not at that time an appetite from either party to deal with it. I recognise that that has changed in recent years.

The Chairman: We could not think what the answer was. That was the trouble.

Claire Baker MSP: I think we still do not.

Lord MacGregor of Pulham Market: The question was: is there another answer to the West Lothian question than English votes for English laws? I quite understand that you may not know what the answer is, but do you recognise that there is going to be a growing issue here that, somehow or other, has to have a solution?

Claire Baker MSP: I recognise it, and that is why I think there needs to be a convention.

Councillor Robert Brown: It is overstated, if I may say so. Jim Gallagher, when he gave evidence, spoke about the fact that England would usually get its way. England is five-sixths, nine-tenths, or whatever, of the union. Realistically, the idea that England is prejudiced by these arrangements does not stand up to detailed examination. The difficulty with this proposal, though, is not so much the idea of trying to do something for England, which I do not disagree with it in itself, but the way it was done. Constitutional change has to be done on a broad basis. Done by a Government, apparently in a partisan way, it is a different proposition. However it is done, whether it is a wider UK constitutional convention or some narrow arrangement, we have to try and get a bit more signup to this than we have already.

The final point is that, realistically, the Government are the Government and these proposals are going forward. It remains to be seen how they will work. They may well untangle on the edges, in terms of the disagreements that there will be and the involvement of the Speaker in

the thing. I hope I am wrong on that. I want to see the arrangements work, at the end of the day, but there is a big problem if the technicalities are not right.

The Chairman: There we must draw a line. Thank you very much indeed to all of you. It has been an extremely interesting and productive session. We are very grateful to you and particularly grateful to you for compressing your replies at one stage when we were running out of time. We have now managed to finish on time. Thank you very much.