



House of Commons
Scottish Affairs Committee

Work of the Scottish Affairs Committee

First Report of Session 2015–16



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relating to the report*

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The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publications

Committee reports are published on the Committee's website at www.parliament.uk/scotaffcom and by The Stationery Office by Order of the House. Evidence relating to this report is published on the [inquiry page](#) of the Committee's website.

Committee staff

The current staff of the Committee are Jyoti Chandola (Clerk), Phil Jones (Second Clerk), Edward Faulkner (Committee Specialist), Steven Price (Senior Committee Assistant), Annabel Russell (Committee Assistant), Jake Barker (Social Media Assistant) and George Perry (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Scottish Affairs Committee, House of Commons, Westminster, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8204; the Committee's email address is scotaffcom@parliament.uk

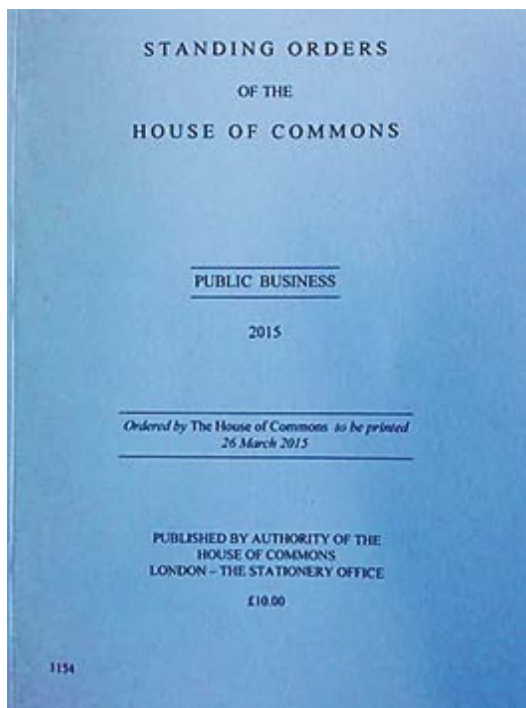
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1 Background to our inquiry

1. The 2015 Parliament will see the continuing development of the relationship between Scotland and the United Kingdom as a whole. The Scotland Bill currently going through the House of Commons will devolve to the Scottish Parliament substantial powers over taxation and welfare, increasing both its powers and its responsibilities. Underpinning this transfer of responsibilities will be a revised fiscal and funding framework for Scotland—a crucial part of the devolution process that will give the Scottish Government and Parliament greater financial autonomy and substantially increase their accountability to the people of Scotland.
2. The recent General Election brought a change to the political landscape of the United Kingdom. The Scottish National Party dominated the election in Scotland, winning 56 out of 59 seats (50 more than in 2010), with Scotland having a turnout significantly higher than that in the rest of the United Kingdom. Meanwhile the incoming Conservative government pledged to strengthen the ‘English voice’ in Westminster and to do so in tandem with the devolution of further powers within the United Kingdom.
3. Against this backdrop of a new Parliament and the significant changes to the constitutional arrangements of the United Kingdom, we thought it timely to re-examine our role as the Scottish Affairs Committee. Like other departmental select committees we are charged with scrutinising the performance of a government department, in our case, the Scotland Office and its relations with the Scottish Parliament. Our role is set out in the Standing Orders of the House of Commons and is shown in Figure 1 below.

Figure 1: Remit of the Scottish Affairs Committee



“to examine the expenditure, administration and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General))”

4. The Scotland Office is the “guardian of the devolution settlement”: it represents Scottish interests within the UK Government, represents the UK Government in Scotland and provides constitutional advice on reserved matters and other Scottish interests across government.¹ The cross-cutting role of the Scotland Office gives this Committee a wide-ranging remit, although we would not normally consider matters that are devolved as this function is performed by the committees of the Scottish Parliament. Figure 2 provides a basic summary of the division of responsibilities between Parliaments.

Figure 2: Devolved and reserved matters²

| Devolved matters | Reserved matters |
|----------------------------------|-----------------------------------|
| Agriculture, fisheries, forestry | Constitution |
| Economic development | Defence & national security |
| Education | Energy |
| Environment | Foreign Policy |
| Fire and rescue services | Financial & Macroeconomic matters |
| Housing | International development |
| Local government | Nuclear energy and installations |
| NHS and Social Care | UK, EU elections |
| Some Transport | Broadcasting |
| Sport and Arts | Civil Service |
| Water and flood defence | Consumer protection |
| Tourism | Postal services |
| Justice and policing | Immigration and Nationality |
| | Employment |

Source: Civil Service Devolution Toolkit, September 2015

Our inquiry

5. What should we do and how should we do it? With these two simple questions, we launched our inquiry into the *Work of the Scottish Affairs Committee*, our first inquiry of the 2015 Parliament. Through this inquiry we sought to find out directly from people and organisations in Scotland what key issues we should be looking at in the first part of this Parliament. As our recent work on the Government’s proposals for English votes for English laws has shown, determining the territorial impact of government policy is

¹ Scotland Office, [About us](#), accessed 2 November 2015 from [www.gov.uk](#)

² The Civil Service [Devolution Toolkit 2015](#) states that “for Scotland, everything is devolved unless a matter is specifically reserved to Westminster in Schedule 5 to the Scotland Act 1998 [...] The Table provides “a high level summary and does not show the complexity of devolved matters. It is not uncommon for only some elements of a policy area to be devolved. It can also be the case that whilst a policy area is non-devolved, aspects of policy delivery are not.”

far from straightforward; policies which may legally be limited to one part of the UK can often have consequences for another. We welcomed evidence of any cross-border issues that we might include in considerations of our future programme of work.

6. In addition to seeking to define our work programme for the immediate future, we also sought to understand how we could work more effectively, not just in terms of the rigorous scrutiny of government policy which forms our core role but also in terms of how we engage with the civic and business sectors in Scotland and the Scottish Government and Parliament. As Ruchir Shah, Policy Manager, SCVO told us:

For us, this is quite a powerful Select Committee that you are chairing and it is not just the content of what you will be looking over in your programme of work over the next few years, but it is also about how and what approach you take to participation and involving people in your work, which is going to be absolutely critical.³

7. Interest in politics in Scotland is at an unprecedented level. We are clear that to be fully effective we must tap into this significant upsurge in political engagement. Too often during this inquiry we were told that Westminster is a remote institution. If we can improve the reach of the Scottish Affairs Committee and become more accessible to people in Scotland this will have a clear benefit in terms of the quality and breadth of evidence we are able to hear and our ability to scrutinise the Executive. In the following chapters we deal in turn with our working practices and then the issues that demand our scrutiny.

³ Written evidence submitted by the SCVO ([WOC0029](#))

2 Working practices

8. Public engagement is a crucial aspect of the work of a select committee. The inquiries we undertake are often in response to public concerns over a specific government policy and those inquiries are always led by and based on the evidence we receive. It is therefore crucial for us to be as accessible as possible. Not only do we need to be aware of the concerns that people in Scotland have, but we also need to receive as wide a range of evidence as possible in order to help us to address them, and to help us in our work of holding the Executive to account.

9. As part of this inquiry, we asked for views on how we could improve our public engagement in Scotland. We received a range of suggestions covering where we should meet, the types of meetings we should hold, who we should look to engage with and how we should seek to gather evidence.

Where to meet

10. Respondents to our inquiry were unanimous in their view that, although we were a Committee of the House of Commons, we should meet frequently in Scotland. We heard how people in Scotland felt disconnected from Westminster,⁴ that not only was it geographically distant from Scotland but that the UK Parliament was considered far less accessible than the Scottish Parliament. A number of organisations alluded to the successful approach the Scottish Government has taken of holding Cabinet meetings in communities around Scotland,⁵ while the SCVO explained that meeting outside Parliament was a common and welcome feature of committees of the Scottish Parliament. They told us:

We believe the Committee should try and meet outwith Westminster and in Scotland whenever is feasible. External meetings are a common feature of Scottish Parliament Committee meetings and MSPs value the opportunity to meet and engage with people outside Holyrood, in a setting that is less formal and, depending on the nature of the inquiry, more appropriate.⁶

It is clear that meeting regularly in Scotland will bring visibility to the Committee and its work. Doing so will also aid our public engagement, particularly with bodies based wholly in Scotland who may not have the capacity or budget to visit London and would otherwise be at a disadvantage compared with larger UK-wide organisations.⁷ To date, we have held meetings in Edinburgh, Dundee and Glasgow.

⁴ Q37 [Lorna Kettles, Research Advisor, Scottish Women's Convention]

⁵ For example, Youthlink Scotland ([WOC0016](#)) and Scottish Women's Convention ([WOC0030](#))

⁶ SCVO ([WOC0029](#))

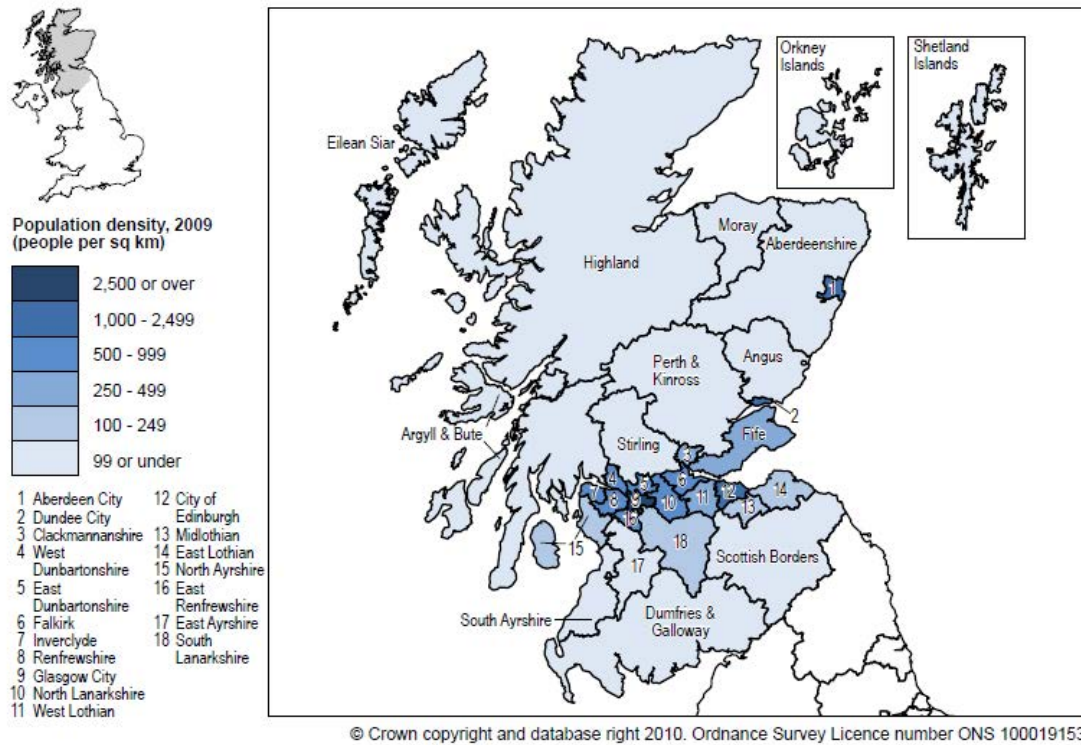
⁷ Youthlink Scotland ([WOC0016](#))



Figure 3: Committee taking evidence in Edinburgh for the Work of the Committee inquiry

11. In planning our programme of work it is important that we take account of the geography of Scotland. As Figure 4 below shows, the majority of Scotland's population lives within the Central Belt and while this is where we expect most of our meetings to take place we should not restrict our activity to this area. Poor connectivity and the dispersed nature of Scotland's rural population mean that the cities of the Central Belt are not accessible to all. Meeting across Scotland will allow us the opportunity to engage with groups and individuals who are less able to travel and may offer a wider perspective to the issues we are considering.

Figure 4: Scotland population density: by council area, 2009



12. Over this Parliament we will aim to challenge the perception that Committees in Westminster are remote institutions. As part of this process we will regularly visit and take evidence in Scotland. We hope that in doing so we will be more accessible to people in Scotland and better able to take note of their concerns. We recognise that not everyone in Scotland lives in or can readily access the usual destinations of Glasgow and Edinburgh. When the opportunity and subject matter allows we will therefore endeavour to meet away from the cities of the Central Belt.

Format of meetings

13. Formal evidence sessions play an important role in the activity of select committees; they allow us to cross examine witnesses and the exchanges are a matter of public record but they are not the only means by which committees can engage on a subject. Informal meetings, such as roundtables or seminars, can be a source of valuable background material to an inquiry. They can provide an opportunity for people to raise concerns with a committee that they might be reluctant to do in a public setting and can allow a committee to meet a greater number of people than would be possible in an evidence session. In their evidence the PCS Union highlighted the benefits of a more informal approach:

PCS believes that there should be a mixed approach of formal and informal [sessions] Parliamentary Committees can be perceived to be elitist and exclusive to many ordinary workers and therefore measures to become more inclusive and incorporate a softening of approach depending on the audience would be beneficial.⁸

14. Citizens Advice Scotland also recommended that we undertake a mixture of different meeting types and drew attention to the benefits of the “Your Say” sessions used by the Welfare Reform Committee of the Scottish Parliament where members of the public are able to relate their personal experience of the issues being discussed.⁹

15. As well as the benefits of an informal approach to meetings we also heard about the value of engaging with people and organisations in situ. The SCVO told us that “visits would allow the Committee to see ‘policy in action’ and hear first-hand from those being affected/likely to be affected by the work of the UK Government”.¹⁰ This view was echoed by many who submitted evidence to our inquiry. The Scottish Women’s Convention explained that:

In order for the Committee to work effectively with people from all over Scotland, it must ensure members and representatives visit people within their own communities. In doing so, it will be able to fully appreciate what life is like in different areas, particularly remote, rural and super sparse parts of the country.¹¹

16. We recognise the value that the correct balance of both formal and informal meetings can bring to our work. Informal meetings and visits can offer insights that might not be available in a formal setting, particularly the opportunity to see first-hand the consequences of a specific policy in action. Visits to local communities also serve to increase the visibility and accessibility of the Committee and can help to breakdown the perception that politicians in Westminster are remote and unaware of the consequences that policy decisions made in Westminster may have in Scotland. **We will aim to incorporate informal meetings and visits in to our work wherever possible. Where practical to do so we will also liaise with organisations in Scotland that are involved with communities at a grassroots level.** A number of organisations volunteered to either help organise or host Committee visits and we are grateful to them.

Engagement with the Scottish Parliament

17. We have already discussed the variety of ways we will seek to engage with the Scottish public and third sector organisations and improve the accessibility of the Committee. In the evidence we received for this inquiry, there was also a clear view that we must also seek to improve our engagement with the Scottish Parliament. As Citizens Advice Scotland explained:

The Scottish Affairs Committee holds a central role in the UK Parliament, holding to account Government departments and ensuring that Scottish interests are considered. It also holds a crucial role as a bridge between the UK and Scottish Parliaments. In order to maximise the benefits of this role, the Committee must have an effective relationship with the Scottish Parliament and its Committees in order to best address issues of joint interest, particularly where the solutions cut across both reserved and devolved powers.¹²

9 Citizens Advice Scotland ([WOC0062](#))

10 SCVO ([WOC0029](#))

11 Scottish Women’s Convention ([WOC0030](#))

12 Citizens Advice Scotland ([WOC0062](#))

18. We are uniquely placed to consider issues that overlap both Parliaments. The new tranche of powers that are due to be devolved via the Scotland Bill will make it increasingly likely that any Scottish Affairs Committee inquiry will cover issues which are likely to require both reserved and devolved solutions. But even without further devolution such issues already exist. Money Advice Scotland gave the example that consumer credit remained reserved whereas the recovery of consumer debt is a devolved matter.¹³ Our Creative Industries inquiry has highlighted a number of cross-cutting issues such as culture being a devolved area of responsibility while the tax incentives for that sector remain reserved.

19. We agree with the evidence to this inquiry that joined-up working with committees of the Scottish Parliament will enable more effective scrutiny of policy. Such joined-up working will also help us to pick up criticisms of poor intergovernmental working.¹⁴ **During our work in the first part of this Parliament we will reflect on how best to refresh and renew our working relationship with the Scottish Parliament and its Committees. We will seek opportunities for both Parliaments and their Committees to work constructively together.**

20. One potential model of joint working would be for the Scottish Affairs Committee and a committee of the Scottish Parliament to take forward the work of the other where it pertains to their respective parliament.¹⁵ The SCVO told us that such joint working would “enrich both Parliaments”,¹⁶ while the STUC set out how this might work in practice:

closer working between the Committees of the two Parliaments would bring benefit, allowing the Scottish Affairs Select Committee to enhance evidence already collected, initiating inquiries arising from gaps or problems identified during Scottish Parliament Committee inquiries.¹⁷

To some extent this is already happening. For our Creative Industries inquiry we liaised with the Economy, Energy and Tourism Committee of the Scottish Parliament who conducted a similar inquiry earlier this year. While that committee primarily looked at the role of Scottish bodies our inquiry considers what the UK Government is doing to support the sector.

21. The STUC further suggested that:

it may be helpful to both institutions to occasionally invite members of the respective Committees to discuss findings when inquiries are completed, for example on blacklisting or on other labour market issues, and on welfare reform, as there are both reserved and devolved policy consequences.¹⁸

A different model might be for committees to work concurrently so that while we consider the reserved areas of a topic, a committee of the Scottish Parliament might look at those aspects of the topic that are devolved.

¹³ Money Advice Scotland ([WOC0061](#))

¹⁴ SCVO ([WOC0029](#))

¹⁵ Youthlink Scotland ([WOC0016](#)); Citizens Advice Scotland ([WOC0062](#))

¹⁶ SCVO ([WOC0029](#))

¹⁷ STUC ([WOC0062](#))

¹⁸ STUC ([WOC0062](#))

22. Throughout this Parliament, where issues cut across both reserved and devolved powers, we will seek to complement and build on the work of committees of the Scottish Parliament. We believe that closer working between committees in Scotland and those in Westminster will enrich both Parliaments and allow for more effective scrutiny of the Executive.

Use of technology

23. During this Parliament we will seek to be innovative and use technology to improve the accessibility and visibility of the Committee. We are already the first House of Commons committee to have our own dedicated Facebook page.¹⁹ We intend to use this page to promote the informal aspects of our work such as visits and as a means of promoting engagement with our work.

24. For this inquiry we invited people to suggest future inquiries that the Committee might undertake through Facebook, Twitter and email as well as through the evidence portal on our website. A summary of how those suggestions were made is below.

Figure 5: How evidence was received for this inquiry



As the graphic above illustrates, submitting written evidence via our website and via email remains the principal means for people to contact the Committee. Our use of social media may have increased awareness of our inquiry in Scotland but it is clear that we need to do much more if we are to successfully use platforms such as Twitter and Facebook to gather

¹⁹ www.facebook.com/scottishaffairscommittee

people's views on our work. **Over the course of this Parliament we will improve our use of social media to make the Committee more visible and more accessible to a wider range of people and organisations.**

25. The use of technology is not limited to social media. Use of video-conferencing facilities might widen the range of individuals and organisations who may be in a position to give evidence to the Committee when we sit in Westminster. We will also explore the option of live-streaming our meetings away from the House of Commons, something that we have already successfully piloted when we took evidence in Dundee for our Creative Industries inquiry.

3 Subjects of inquiry

26. Select Committees of the House of Commons work principally by undertaking inquiries. Committees choose their own subjects of inquiry; typically these are driven by the activity of the relevant department such as legislation being brought forward, by external events that fall within the remit of the department or by concerns raised with the Committee by interested parties. As a new Committee in a new Parliament we set out, through this inquiry, to hear directly from people and organisations in Scotland about what our priorities should be for the new Parliament. We received suggestions covering over forty separate subjects and we are grateful to all those who took the trouble to share their views with the Committee.

27. Figure 6 demonstrates that some clear themes have emerged from the evidence and we go on to offer a brief commentary on some of the main ones.

Figure 6: Suggested topics of inquiry for the Committee



Devolution settlement

28. Following the referendum on Scottish independence in 2014, the UK Government pledged to devolve further powers to Scotland and asked Lord Smith to set up a Commission to take forward this commitment.²⁰ The Scotland Bill currently going through the House of Commons is the result of that process.

29. The Scotland Bill is set to devolve significant powers to Scotland and it is no surprise that of the areas for scrutiny suggested to us this was by far the most frequently cited. The Scotland Office oversees the devolution settlement and scrutiny of its performance in carrying out this role is a key part of our remit. Indeed, it was the dominant theme of our evidence session on 14 October 2015 when we questioned the Secretary of State and his Ministers on the Scotland Office's Annual Report and Accounts for 2014–15.²¹

²⁰ <https://www.smith-commission.scot/>

²¹ Oral evidence taken on [14 October 2015](#) HC (2015-16) 464

30. A general inquiry into the devolution settlement risks being very broad but there are a number of specific suggestions in the evidence that merit consideration and could form the basis for an inquiry or series of small inquiries. We set out some of these below.

Scotland Act 2012

31. The final stage of the devolution of powers originating from the Scotland Act 2012, are due to come into effect during 2016. Scrutiny of the implementation and operation of these powers, which include the full control of stamp duty land tax, landfill tax and a new Scottish rate of income tax, might provide valuable lessons that could inform the process of implementing those powers due to be devolved by the current Scotland Bill.²²

Fiscal framework

32. The fiscal framework governs the fiscal and funding relationship between the UK and Scotland. Revising this framework to take account of the devolution of further powers to Scotland is one of the key parts of the Smith Agreement and arguably the most complicated to implement. The revised fiscal framework will cover enhanced borrowing powers, the interaction between devolved powers over taxation and expenditure and the block grant, and will enshrine the Smith Agreement's 'principle of no detriment' - that the actions of one government should not cause financial harm to the other. To put into context how difficult a task revising the fiscal framework is, the UK and Scottish Governments have been unable to agree a permanent adjustment mechanism to govern the impact on the block grant of those taxes devolved in the 2012 Scotland Act. Those taxes were relatively minor compared with the powers to be conferred by the current Scotland Bill.

33. The Scottish Government has been clear that it will not recommend to the Scottish Parliament that it approve the Scotland Bill without there first being agreement on a fiscal framework that is fair to Scotland.²³ The UK and Scottish Governments are currently working on producing the framework and both sides have committed not to provide any commentary while that work is ongoing. The Secretary of State confirmed to the Committee that the intention is for the work to be completed this autumn and that time will be available for parliamentary scrutiny.²⁴

Scotland Bill

34. A key objective of the Scotland Office is "To maintain the devolution settlement by ensuring that devolution respects the needs of Scotland and the rest of the UK."²⁵ There is currently disagreement between the UK and Scottish Governments over whether the latest round of devolution via the Scotland Bill faithfully transposes what was set out in the Smith Agreement, particularly with regard to welfare powers. Parkinson's UK suggested that it would not be worthwhile to devolve benefits if the powers being handed over were merely powers to administer systems that are agreed in Westminster.²⁶ For many, the Smith Agreement represented an opportunity to design a different structure of welfare in Scotland. Citizens Advice Scotland told us that "it would be useful for the Committee to

²² Citizens Advice Scotland ([WOC0062](#))

²³ Scottish Government press release, [Fiscal framework debate](#), 7 October 2015

²⁴ HC Deb, 2 November 2015, [col 16WS](#) [Commons written ministerial statement]

²⁵ [Scotland Office and Office of the Advocate General for Scotland Annual Report and Accounts 2014-15](#), p5

²⁶ Parkinson's UK ([WOC0034](#))

assess whether the powers being devolved are those intended by the Smith Agreement”,²⁷ and that one function of the Scottish Affairs Committee might be to ensure that “the powers come over in a way that works for Scotland”.²⁸

Transitional arrangements and implementation

35. The welfare changes set out in the Scotland Bill will give the Scottish Parliament around £2.5 billion worth of new welfare powers as well as the powers to create new benefits in devolved areas and top up those that will remain reserved. A number of bodies that submitted evidence to our inquiry recommended that we monitor the transitional arrangements as claimants are transferred from the welfare system of the United Kingdom to the new structure in Scotland. It is clear that some claimants will also interact with both systems.

36. Parkinson’s UK raised a number of concerns about this part of the devolution process, particularly the risk that families and carers might be disadvantaged by the interactions between two separately administered, and potentially complex, systems. Parkinson’s UK told the Committee that this could cause:

real issues for people who look like they are going to be stuck between two systems, which are possibly moving in different directions, where a number of key issues have not been resolved and the impact that that has on people who are probably claiming multiple benefits is of great concern to us.²⁹

Parkinson’s UK explained that a more generous benefit in one country should not be clawed back by a reduction in the level of benefit available from the other, not least because those claiming multiple benefits are likely to be on the lowest incomes. The SCVO echoed this view and told us that both governments “need to ensure minimal impact and there are no negative consequences”.³⁰

37. As well as welfare powers, the Scotland Bill will devolve to the Scottish Parliament significant powers over taxation. We heard from the Institute of Directors that companies either side of the border were concerned about the possibility of increased compliance costs as a result of devolved tax powers.³¹ The Institute of Directors asked that we monitor the administrative impact on businesses of differing tax arrangements either side of the border. The SCVO also raised the matter of devolved taxes and argued that the operation of HMRC in collecting devolved taxes should be included in any inquiry covering the implementation of the powers set out in Scotland Bill.³²

Intergovernmental working

38. The Smith Agreement recommended that the working arrangements between the Scottish and UK Governments, including the Joint Ministerial Committee (JMC), be improved “as a matter of urgency and scaled up significantly to reflect the scope of

27 Citizens Advice Scotland ([WOC0062](#))

28 Citizens Advice Scotland ([WOC0062](#))

29 Parkinson’s UK ([WOC0034](#))

30 SCVO ([WOC0029](#))

31 Institute of Directors ([WOC0057](#))

32 SCVO ([WOC0029](#))

the agreement arrived at by the parties.”³³ CBI Scotland told us that: “A focus on how both Holyrood and Westminster could facilitate a better and more joined up working relationship would be extremely beneficial”.³⁴ We note that the Devolution (Further Powers) Committee in the Scottish Parliament has already undertaken such an inquiry³⁵ but such matters will almost certainly feature in any future work we do on the devolution settlement.

Impact of welfare reform

39. Almost all of the third sector organisations that gave evidence to our inquiry drew attention to the impact that the UK Government’s welfare reform programme is having in Scotland. According to Money Advice Scotland the impact of welfare reform was the issue most frequently raised with its advisors.³⁶ Citizens Advice Scotland reported that crisis indicators such as charity applications (up 79% in the last year) and Crisis Grants (up 68% in the last year)³⁷ were increasing quickly:

Our most recent finding is that 1 in 31 clients that come to the Citizens Advice Bureau have to be referred for a food parcel. That is up from 1 in 50 last year. The vast majority is something to do with the benefit system, whether it is being sanctioned, whether it is a delay in the benefit system or administrative problems. People have nowhere to go in the benefits systems. They have to go for a food parcel.³⁸

The situation outlined by Citizens Advice Scotland suggests that there are holes in the social security safety net which voluntary organisations are trying to fill. We heard from the SCVO that welfare reform “has had, and continues to have, a substantial impact upon third sector organisations in Scotland”. The SCVO explained that funding was not keeping up with demand and that for many organisations helping people to cope with welfare changes specifically was distracting from their core, preventative work.³⁹

40. In addition to those reforms to the welfare system that have already been implemented, we also heard concerns about those due to take effect, notably the roll out of Universal Credit in Scotland and the introduction of changes in tax credits. The roll out of Universal Credit is likely to affect 700,000 households in Scotland and, while some will gain, Citizens Advice Scotland told us that others will lose out and will find the online application process and the move to monthly payments—which will be paid in arrears—difficult to cope with.⁴⁰ The Scottish Women’s Convention concluded that the Government had not considered the needs of those who are not computer literate or who do not have access to a computer or the internet.⁴¹ A recent CAS survey found that 1 in 5 of their clients could not use a computer.⁴²

33 The Smith Commission, [Report of the Smith Commission on the devolution of further powers to the Scottish Parliament](#), 27 November 2014, para 28

34 CBI Scotland ([WOC0032](#))

35 Scottish Parliament, Devolution (Further Powers) Committee, [Changing relationships: Parliamentary Scrutiny of Intergovernmental Relations](#), Eight Report, 2015 (Session 4)

36 Money Advice Scotland ([WOC0061](#))

37 Citizens Advice Scotland ([WOC0062](#))

38 Q24 [Keith Dryburgh, Policy Manager, Citizens Advice Scotland]

39 SCVO ([WOC0029](#))

40 Citizens Advice Scotland ([WOC0062](#))

41 Scottish Women’s Convention ([WOC0030](#))

42 Citizens Advice Scotland ([WOC0062](#))

41. A number of organisations suggested that the effects of the Government’s welfare reforms were particularly detrimental for specific demographic groups. YouthLink Scotland explained how the reforms affected young people, removing housing benefit from those under the age of 25 and preventing young workers from accessing the benefit brought about by increases to the minimum wage.⁴³ The Scottish Women’s Convention told us that the reforms adversely affected women as little consideration had been given to those struggling with childcare,⁴⁴ while Parkinson’s UK explained that work undertaken by the Scottish Parliament’s Welfare Reform Committee and the Scottish Government had suggested that the reforms have had a disproportionate impact on disabled people, and that this impact is expected to increase over the next few years.⁴⁵ Parkinson’s UK told us that they were disappointed that the UK Government had not undertaken a similar study into the impact of the reforms.⁴⁶

42. The interaction between the Government’s programme of reform and the devolution of welfare powers in the Scotland Bill was also raised by witnesses. Organisations expressed concern at the prospect of the more vulnerable members of society being asked to deal with two separate, and potentially divergent, systems of welfare. Tanith Muller, Policy and Campaigns Manager of Parkinson’s UK told us that the Scottish Affairs Committee is well-placed to try to provide some clarity and “push Governments into working in an evidence-based way, to look at the impact of plans on claimants as they are going through” and to ensure that the “right powers are devolved in order to identify and achieve improvements”.⁴⁷

Post-study work schemes

43. The Tier 1 (Post-Study Work) category of visa was a points-based scheme designed to enable international students who had studied in the UK to remain in the UK after the conclusion of their studies. The scheme aimed to enhance the UK’s overall offer to international students and provide a bridge to highly skilled or skilled work. Applicants were free to seek employment without a sponsor and, if successful, were granted leave to remain in the UK for two years. The Coalition Government closed the main Tier 1 route for post study work for international students in 2012. As a result, graduating students who wish to remain in the UK must apply either through the Tier 1 (Graduate Entrepreneur) route, which requires official endorsement of the applicant’s business idea from either UKTI or an authorised endorsing Higher Education Institution and is limited to 1,900 places, or the Tier 2 visa programme, which has stricter requirements for qualification.

44. A number of organisations raised concerns with us regarding the Government’s decision to restrict use of the post-study work visa. Those concerns focused mainly on two areas, the comparative attractiveness of Scotland as a destination for international students and skills shortages in the Scottish economy.

43 Youthlink Scotland ([WOC0016](#))

44 Scottish Women’s Convention ([WOC0030](#))

45 Parkinson’s UK ([WOC0034](#))

46 Parkinson’s UK ([WOC0034](#))

47 Q39 [Tanith Muller, Policy and Campaigns Manager, Scotland, Parkinson’s UK] and Parkinson’s UK ([WOC0034](#))

45. While there is no limit to the number of international students universities are permitted to enrol, the University of Edinburgh told us that:

the University would be an even more attractive choice to students from around the world if they could stay on to make the most of their qualification by gaining experience of working in a Scottish context, delivering concomitant economic benefits for Scotland.⁴⁸

46. According to Universities Scotland, the UK Government's decision to close the main route for obtaining a post-study work visa has pushed Scotland's universities into an uncompetitive position in the global market place. As Scotland's recruitment of international students has stagnated (a fall in some key markets has been offset by an increase in students from China), competing universities across the world in countries such as the United States, Canada and Australia have seen their numbers grow significantly.⁴⁹

47. In addition to providing an economic benefit to universities, in the form of tuition fees paid, and to the local economy, via expenditure on living costs, Garry Clark, Head of Policy and Public Affairs at the Scottish Chambers of Commerce explained that attracting and retaining international students can also help to mitigate unmet demand for highly-skilled people in certain sectors of the Scottish economy "which we cannot possibly satisfy from the domestic education or labour pool".⁵⁰ This view was repeated in evidence we received for our Creative Industries inquiry.

48. The argument for an inquiry to look at whether current visa pathways are meeting the requirements of students, universities and employers in Scotland has been given further support by the Smith Agreement. The Smith Commission recommended that:

the Scottish and UK Governments should work together to explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time.⁵¹

In-work poverty and precarious employment

49. The wellbeing and financial security of those in employment is essential to the individual, their families and the economy and society as a whole. Citizens Advice Scotland (CAS) told us that, although the economy is improving, the number of clients seeking advice from CAS Bureaux on employment problems such as poor treatment at the workplace, problems enforcing rights and budgetary difficulties caused by fluctuating hours, continues to rise.⁵² Citizens Advice Scotland explained that this rise could be attributed to the growth in zero hours contracts and a wider trend of low pay and insecure work. We heard from the Poverty Alliance that over half of children in poverty in Scotland live in a household where someone works.⁵³ We were also told that the changes to tax

48 University of Edinburgh ([WOC0050](#))

49 Universities Scotland ([WOC0025](#))

50 Q17

51 The Smith Commission, [Report of the Smith Commission on the devolution of further powers to the Scottish Parliament](#), 27 November 2014, para 96

52 Last year Citizens Advice Scotland dealt with over 50,000 cases relating to employment matters, an 8% rise on the year before (source: Citizens Advice Scotland ([WOC0062](#))).

53 The Poverty Alliance ([WOC0006](#))

credits proposed by the current UK Government may exacerbate this situation and push more people in Scotland into in-work poverty.⁵⁴

50. One route for an individual to seek redress from abuse in the workplace has been to take their employer to an Employment Tribunal. Citizens Advice Scotland explained that since the introduction of fees to bring a case—which can be as much as £1,100—the number of cases before Employment Tribunals has plummeted by 85%. Keith Dryburgh, Policy Manager, CAS told us that “it is very much the case that people are experiencing more problems at work but have no way of enforcing their rights”.⁵⁵

51. The issues of in-work poverty and precarious employment are not unique to Scotland and many of the powers to address them such as via employment law, the welfare system and work programmes, are currently reserved. The Poverty Alliance state:

Given the continuing importance of work as a route out of poverty, and the problem that in-work poverty presents we would therefore ask that the Scottish Affairs Committee considers an inquiry into in-work poverty in Scotland and what more can be done to tackle it.⁵⁶

52. The powers to be devolved under the Scotland Bill may transfer some of the responsibility over this area to the Scottish Government but it is more likely that the interaction between devolved and reserved powers will be key to resolving the problems we have outlined and it is perhaps in this area that any work we undertake might have the most value.

Bogus self-employment

53. Many of the problems to do with precarious employment have become associated with zero hours contracts but there are other ways in which work might be insecure. The STUC encouraged us to consider:

a full investigation into the continued and increasing use of umbrella companies and bogus self-employment practices which are used by employers to deny workers their full wages, remove fundamental employment rights and shift the tax burden.⁵⁷

The STUC notes that poor employment practices are extending into the offshore industry. Such practices are also believed to be increasing in the care sector, which is of concern both for the staff involved and also in terms of the quality of service for a growing number of citizens in Scotland who rely on care services.⁵⁸

Other key issues

54. The issues surrounding welfare reform, the restrictions on post-study work visas and in-work poverty are not unique to Scotland (though there may be a distinctly Scottish angle) and, alongside the devolution settlement, they were the most commonly cited topics

⁵⁴ According to Citizens Advice Scotland 200,000 families in Scotland would be affected by the changes to tax credits as proposed by the Chancellor in his 2015 Summer Budget.

⁵⁵ Q24

⁵⁶ The Poverty Alliance ([WOC0006](#))

⁵⁷ STUC ([WOC0062](#))

⁵⁸ STUC ([WOC0062](#))

for us to consider for our programme of work. Some topics raised with us do, however, have a demonstrably Scottish angle and we discuss some of them briefly below.

Rurality

55. Rural areas account for about 98% of the land mass in Scotland and 20% of the population. Certain issues affect those living in rural areas much more than those living in the rest of the country. We heard that the 1 million people who live in rural areas face higher household costs in order to achieve the same quality of life as individuals in urban areas. Citizens Advice Scotland cited “a range of unfair or detrimental practices, including higher prices for food and fuel, disproportionate delivery charges, problems with transport access and cost, and slower internet speeds.”⁵⁹

56. Rurality can also impact on an individual’s interaction with the State, for example attendance at jobcentres can be difficult and costly and a lack of broadband can prevent access to services that are only available online. Sarah Beattie-Smith, Consumer Futures Scotland Manager, Citizens Advice Scotland told us:

It is not just about living in rural areas costing more; [...] it costs you more to be poor in rural areas and I think that is a really important thing for the Committee to bear in mind.⁶⁰

Renewable energy

57. The UK Government is withdrawing support for a number of sectors in the renewable energy industry. The Government believes that it is on course to meet its targets for renewable energy and that the renewable energy industry is in a position to survive without subsidy. Jenny Hogan, Director of Policy at Scottish Renewables told us that the renewable energy industry rejected the Government’s analysis and that the cuts would have a disproportionate impact on Scotland and risk setting back investment and innovation.⁶¹

58. Renewable energy is a key industry for Scotland, 70% of onshore wind projects currently in the UK-wide planning system are sited in Scotland as well as the majority of small-scale hydro projects. Jenny Hogan explained that Scottish Renewables’ own analysis had shown that the decision to close the Renewables Obligation to onshore wind alone may cost Scotland up to £3 billion in lost investment, and put at risk many of the 5,400 jobs that are currently reliant on the sector.⁶²

Connectivity

59. A number of organisations who submitted evidence to the Committee highlighted the need to improve Scotland’s transport infrastructure and its connectivity with England and the rest of the world. Ross Martin, CEO of the Scottish Council for Development and Industry, explained that “any rational assessment of the intercity rail network, for

⁵⁹ Citizens Advice Scotland ([WOC0062](#))

⁶⁰ Q35

⁶¹ Q7

⁶² Q7

example, would find it truly wanting; the Victorians travelled more quickly from Glasgow to Aberdeen than we currently do.”⁶³

60. The SCDI saw a role for this Committee to work with the Scottish Parliament “to speed up the implementation of much better connectivity north and south across the border”.⁶⁴ CBI Scotland explained how it is essential for Scotland to be well-connected in order to reap the economic benefits from UK infrastructure projects such as HS2 and improvements to air capacity. Like the SCDI, CBI Scotland suggested that “a cross-UK perspective will be important to ensure Scotland benefits from these infrastructure projects and CBI would encourage the Committee to focus on articulating those benefits to ensure Scotland does not miss out.”⁶⁵

Land reform

61. It is claimed that currently 432 private land owners own 50% of the private land in rural Scotland.⁶⁶ There have long been calls to reform the concentrated pattern of land ownership in Scotland and it was an issue that our predecessors considered in detail. The Land Reform (Scotland) Bill is currently progressing through the Scottish Parliament but reserved issues relating to taxation and subsidy and their effect on land ownership in Scotland can only be attended to at a UK level. Both the SCVO and Community Land Scotland suggest we consider this topic for future scrutiny.⁶⁷

63 Q5 [Ross Martin, Chief Executive, SCDI]

64 Q5 [Ross Martin, Chief Executive, SCDI]

65 CBI Scotland ([WOC0032](#))

66 Scottish Government, [Land Reform Review Group - The Land of Scotland and the Common Good](#), May 2014, section 24

67 Community Land Scotland ([WOC0044](#)); SCVO ([WOC0029](#))

4 Conclusion

62. In this report we have set out how we intend to undertake our work. We will seek to improve our public engagement by meeting regularly in Scotland, in both formal and informal settings; we will undertake visits to see first-hand the impact of reserved policy in Scotland, and we will work to increase our accessibility and visibility on social media. We intend to build a good working relationship with the Scottish Parliament and believe that such an endeavour will be mutually beneficial. **Our commitment to examining how we approach our work does not end with the publication of this Report. Throughout this Parliament we will continue to reflect on how we can carry out our work more effectively and we will continue to welcome suggestions and comments from members of the public and other interested parties as our work progresses.**

63. We have received many suggestions of topics for us to scrutinise. Some were short, some provided great detail and we are grateful to all those who engaged with the Committee. We have considered those areas in which we believe we can best influence and improve policy. It is clear that consideration of the devolution settlement will occupy much of our time over this Parliament. Underpinning the arrangements of devolution will be a revised fiscal framework. **The fiscal framework is a key part of the process of implementing the Smith Agreement and we will scrutinise the plans put forward by the Government when they are published later this year.**

64. Throughout this Parliament we intend to follow the implementation of those powers that are set to be devolved by the current Scotland Bill. We will wish to satisfy ourselves that no one will be disadvantaged during the period of transition as benefits are transferred from one welfare structure to another. We will also liaise with committees in the Scottish Parliament to help us assess whether the powers that are devolved following the Smith Agreement and Scotland Bill processes do actually deliver the right tools for the Scottish Government to improve the lives of the people of Scotland. Part of that work will include scrutiny of the interaction between the process of devolution and the ongoing implementation of the UK Government's welfare reform programme.

65. One aspect of the Smith Commission report that is not included in the Scotland Bill is the recommendation for the UK and Scottish Governments to explore allowing more international students to remain in the UK. The impact of the tightening of the visa regime for international students on Scottish universities and on the business sector in Scotland is something that has been raised repeatedly with us both within the confines of this inquiry and also in our inquiry into Creative Industries. **We find the case for an inquiry into the tightening of post-study work schemes to be compelling. We will embark on an inquiry into this issue at the earliest opportunity. Work on in-work poverty, precarious employment, and the impact of rurality, will also be areas of interest for the Committee and we invite people to help us shape the terms of reference for inquiries into these topics.**

66. The relationship between Scotland and the rest of the United Kingdom will change significantly over the course of this Parliament with the Scottish Parliament set to become one of the most powerful sub-national legislatures in the world. We will watch with interest what the Scottish Government does with its new powers and as part of our work we will look not just at issues as they affect Scotland but we will also consider whether there are any approaches that the Scottish Government take that might offer a way forward for

other parts of the UK. In our unique position we can act as a bridge between Parliaments. Through our work we will inform the UK Parliament about the key issues facing Scotland. We will listen to the concerns of the Scottish people and we will hold to account the UK Government and UK public bodies responsible for addressing them.

Conclusions and recommendations

Working practices

1. Over this Parliament we will aim to challenge the perception that Committees in Westminster are remote institutions. As part of this process we will regularly visit and take evidence in Scotland. We hope that in doing so we will be more accessible to people in Scotland and better able to take note of their concerns. We recognise that not everyone in Scotland lives in or can readily access the usual destinations of Glasgow and Edinburgh. When the opportunity and subject matter allows we will therefore endeavour to meet away from the cities of the Central Belt. (Paragraph 12)
2. We will aim to incorporate informal meetings and visits in to our work wherever possible. Where practical to do so we will also liaise with organisations in Scotland that are involved with communities at a grassroots level (Paragraph 16)
3. During our work in the first part of this Parliament we will reflect on how best to refresh and renew our working relationship with the Scottish Parliament and its Committees. We will seek opportunities for both Parliaments and their Committees to work constructively together. (Paragraph 19)
4. Throughout this Parliament, where issues cut across both reserved and devolved powers, we will seek to complement and build on the work of committees of the Scottish Parliament. We believe that closer working between committees in Scotland and those in Westminster will enrich both Parliaments and allow for more effective scrutiny of the Executive. (Paragraph 22)
5. Over the course of this Parliament we will improve our use of social media to make the Committee more visible and more accessible to a wider range of people and organisations. (Paragraph 24)

Conclusion

6. Our commitment to examining how we approach our work does not end with the publication of this Report. Throughout this Parliament we will continue to reflect on how we can carry out our work more effectively and we will continue to welcome suggestions and comments from members of the public and other interested parties as our work progresses. (Paragraph 62)
7. The fiscal framework is a key part of the process of implementing the Smith Agreement and we will scrutinise the plans put forward by the Government when they are published later this year. (Paragraph 63)
8. We find the case for an inquiry into the tightening of post-study work schemes to be compelling. We will embark on an inquiry into this issue at the earliest opportunity. Work on in-work poverty, precarious employment, and the impact of rurality, will also be areas of interest for the Committee and we invite people to help us shape the terms of reference for inquiries into these topics. (Paragraph 65)

Formal Minutes

Tuesday 10 November 2015

Members present:

Pete Wishart, in the Chair

Kirsty Blackman

John Stevenson

Mr Christopher Chope

Maggie Throup

Chris Law

Draft Report (*Work of the Scottish Affairs Committee*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 66 read and agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

[Adjourned till Wednesday 18 November at 2.00 pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's [inquiry web page](#).

Monday 14 September 2015

Question number

Ross Martin, CEO, Scottish Council for Development & Industry, **Jenny Hogan**, Director of Policy, Scottish Renewables, **Alastair Sim**, Director, Universities of Scotland, and **Garry Clark**, Head of Policy and Public Affairs, Scottish Chambers of Commerce [Q1–21](#)

Ruchir Shah, Policy Manager, Scottish Council for Voluntary Organisations, **Keith Dryburgh**, Policy Manager, Citizens Advice Scotland, **Sarah Beattie-Smith**, Consumer Futures Scotland Manager, Citizens Advice Scotland, and **Stephen Boyd**, Assistant Secretary, Scottish Trade Union Council [Q22–36](#)

Susan Hunter, Senior Development Officer, Policy and Research, YouthLink Scotland, **Lorna Kettles**, Research Advisor, Scottish Women's Convention, and **Tanith Muller**, Policy and Campaigns Manager, Scotland, Parkinson's UK [Q37–50](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's [inquiry web page](#). WOC numbers are generated by the evidence processing system and so may not be complete.

- 1 Aberdeen and Grampian Chamber of Commerce ([WOC0021](#))
- 2 Abta Ltd ([WOC0017](#))
- 3 Alec Kidd ([WOC0039](#))
- 4 Aviva ([WOC0056](#))
- 5 Campaign to Cut Tourism VAT ([WOC0013](#))
- 6 CBI Scotland ([WOC0032](#))
- 7 Church of Scotland ([WOC0018](#))
- 8 CIH Scotland ([WOC0033](#))
- 9 Citizens Advice Scotland ([WOC0062](#))
- 10 Coalition for Racial Equality and Rights ([WOC0023](#))
- 11 Colleges Scotland ([WOC0024](#))
- 12 Community Land Scotland ([WOC0044](#))
- 13 Donald Scott ([WOC0040](#))
- 14 Henk Yserman ([WOC0049](#))
- 15 HS2 Action Alliance ([WOC0054](#))
- 16 Ian Martlew ([WOC0019](#))
- 17 Institute of Directors ([WOC0057](#))
- 18 J Wilson ([WOC0045](#))
- 19 Jon Musgrave ([WOC0038](#))
- 20 Kristina Anderson ([WOC0047](#))
- 21 Law Society Scotland ([WOC0041](#))
- 22 Mary Levie ([WOC0048](#))
- 23 Money Advice Scotland ([WOC0061](#))
- 24 NFU Scotland ([WOC0042](#))
- 25 Ofcom ([WOC0015](#))
- 26 Parkinson's UK ([WOC0034](#))
- 27 PCS ([WOC0060](#))
- 28 Peter Geddes ([WOC0037](#))
- 29 Professor Robert Beveridge FRSA ([WOC0035](#))
- 30 Ranelagh International Ltd ([WOC0043](#))
- 31 RMT ([WOC0028](#))
- 32 Roger Livermore ([WOC0003](#))
- 33 Roland Smith ([WOC0046](#))
- 34 Scottish Land & Estates ([WOC0020](#))

- 35 Scottish Passenger Agents Association ([WOC0031](#))
- 36 Scottish Renewables ([WOC0007](#))
- 37 Scottish Renewables ([WOC0058](#))
- 38 Scottish Retail Consortium ([WOC0036](#))
- 39 Scottish Women's Convention ([WOC0030](#))
- 40 SCVO ([WOC0029](#))
- 41 STUC ([WOC0052](#))
- 42 The Electoral Reform Society ([WOC0053](#))
- 43 The Poverty Alliance ([WOC0006](#))
- 44 Unison Scotland ([WOC0026](#))
- 45 Universities Scotland ([WOC0025](#))
- 46 University of Edinburgh ([WOC0050](#))
- 47 Youthlink Scotland ([WOC0016](#))