

RENEW

Six policies that can refresh the Scottish Government's domestic agenda

The Scottish Government has been in power for ten years. It has also just faced an election in which there were some clear signs of discontent about the risk of stagnation and a perceived lack of ambition. All governments must renew themselves if they wish to remain relevant; the Scottish Government is no exception. It swept to power in a swell of optimism and has, until now, strengthened and consolidated its position by continuing to talk the language of hope and progress. However, people may be beginning to question whether there has been sufficient progress to sustain their hope. The Scottish Government requires an eye-catching refreshed agenda to persuade them that their hope remains well placed.

Common Weal has been publishing policy papers on domestic policy throughout this parliament and has built up a suite of well researched and popular proposals. This short paper proposes six 'collections' of policies that the Scottish Government should embrace and pursue as a way to let Scotland know its ambition has not dimmed and its radicalism remains in place.

COMMON WEAL POLICY



Create a Scottish National Investment Bank and use it to finance an era of green reindustrialisation

People want to believe that Scotland can create and sustain a high-skill, high-investment, high-productivity, high-pay economy, but live within a dominant UK economy which is moving in the opposite direction. Scotland needs to break the low-investment, low-productivity cycle. Establishing a Scottish National Investment Bank would be an effective and highly-visible signal that this is what the Scottish Government is seeking

Common Weal, alongside the New Economics Foundation, has developed a blueprint for how to do this. Such a bank could provide patient capital to medium-sized and larger enterprises struggling for long-term financing, it could target investment at socially useful investments like community renewable energy projects and innovation that will boost productivity in Scotland over the long-term, it can provide the capital for a major programme of public rental housebuilding. The sums a bank of this type could raise could transform Scotland's infrastructure investment profile. It could also go on to establish a coordinated network of local development banks which would serve local economies and the small to medium-sized business sector.

The Bank can then become part of the hub of a national industrial strategy which aims to reindustrialise Scotland using green technologies as a core tool to stimulate development. It would help to create a healthy new partnership between the Scottish Government and local authorities on both a strategy for major infrastructure development and also on regional economic development strategies. It could also power existing Scottish Government policy for a renewables transformation through a Scottish Government-owned energy company.

Reading list:

The case for an investment bank – [Banking for the Common Good: laying the foundations of safe sustainable stakeholder banking in Scotland](#)

The details of how to set up a national investment bank – [Blueprint for a Scottish National Investment Bank](#)

On building an industrial policy – [Towards and Industrial Policy; a discussion of principles and approaches](#)

Build the homes and infrastructure that people need and rebuild the town centres they deserve

Few things touch people's lives more than the houses they live in, the infrastructure they rely on and the centres of community of which they are part. When people feel that progress is being made on these issues, they feel like progress is being made in improving their lives and the state of their nation.

Housing policy in Scotland has been far too heavily reliant on high-volume, low-quality private sector property speculation. An alternative approach would emphasise the quality and longevity of the houses, the quality of the planning of the communities in which they are placed and the aim of achieving a housing market with a range of secure, affordable, high-quality options in public and private rental, for self-build and for people of different ages, incomes and circumstances who want to buy.

The strategy for creating this approach to housing has been set out by leading architect Malcolm Fraser in a Common Weal report. Quality of life, renovation and reuse of existing buildings, sharply improved environmental performance, collective infrastructure such as district heating, planning approaches to create mixed and vibrant communities, changes to planning to make land cheaper to buy for collective public development and sensible redevelopment of derelict land are among the approaches which could lead to people sensing a step-change in Scotland's attitude to housing.

The mechanisms for funding it include creating a national housing company, a public-public partnership between the Scottish Government and local authorities and support for local cooperatives and self-builders, all supported by a Scottish National investment Bank. Houses are self-financing through rent over their lifetime; the only limit on our ambition is the demand for high-quality, affordable housing in well-designed communities.

The boost in quality housebuilding should be accompanied by a new approach to building public infrastructure. A Scottish National Investment Company which worked with the Scottish National Investment Bank to oversee and finance a development programme, bringing best value public investment together with first-rate design, architecture and project management expertise can both finance and deliver schools, hospitals, roads and much more without the quality failings of the PFI-era and its successors – and without the exorbitant cost to the public. The housing and infrastructure development must then be brought together with the reindustrialisation and local economic strategies and the development of better local democracy to create a strategy for the revitalisation of town centres. People will not reward governments who preside over the decline of the towns in which they live and will seek out those who offer alternatives. Managed decline is not an option.

Reading list:

On a new vision for housing – [Housekeeping Scotland; a discussion paper outlining a new agenda for housing](#)

On a national infrastructure company - [Building Scotland's future now: A new approach to financing public investment](#)

On town centres: [A Book of Ideas, Chapter 11](#)

Get your childcare plans right – the missing money can be found by scrapping the proposed Air Passenger Duty cut

The Scottish Government has set out plans for a genuinely revolutionary approach to expanded childcare, but it has not been gaining the recognition for this it should because too many people with knowledge of the plans fear it is underfunded.

The aim should be to create a universal, publicly-owned, first rate kindergarten system with highly trained staff working to a first-rate national child development curriculum based around play and discovery, taking place in first rate nurseries and with the option for 'wrap-around' care for parents. The investment should go into employing and training staff (on attractive professional salaries) and building the best possible infrastructure. However, a shortage of investment has driven the policy further down a model which is more akin to a 'voucher' system in which set funding is made available and it is for a mixed market of public and private interests to create provision through market mechanisms. It is likely that those market mechanisms will simply replicate the existing problems in the sector of low-pay and unevenness of quality of provision.

The funding gap is not enormous and if it could be bridged if the Scottish Government rethought the ill-considered subsidy to the airline industry which the Air Passenger Duty reduction represents. Spending that £150 million on childcare rather than airline subsidy would enable the Scottish Government to put an extra £600 million into the policy by the end of this term of government. That is enough to set up a National Childcare Service with Swedish levels of qualifications and uniformity throughout the sector so all children get an equal start.

This is the kind of system that parents say they want, and those parents will reward the Scottish Government if it gets it right.

Reading list:

On a model for childcare - [An Equal Start: A plan for equality in early learning and care in Scotland](#)

On why the ADT cut is a bad idea – [Air Departure Tax: A Post-Brexit Analysis](#)

Make Scottish citizens the most powerful in the world - take democracy seriously

Disillusionment with the existing democratic process has grown steadily. While some of that disillusion is misplaced, much is justified. Over the last 40 years the power of citizens has decreased and the power of technocratic governments, big business and vested interests has increased. Localism has suffered as a result – Scotland has arguably the most centralised and unresponsive system of local government in the developed world.

In parallel with the rise of disillusion has been the emergence of innovative new forms of democratic practice which are designed to increase the power of citizens over their own lives. These tools are designed to produce outcomes which are based on the thoughtful deliberation of a wide range of people and neither the 'insider opinion' of a small group of powerful people nor the knee-jerk opinion of social media.

These democratic practices are more than just a minor enhancement to our system of representative democracy; they are a distinct evolution. They assume that not only much more thorough public consent for policy is likely to secure the legacy of that policy but that much more participation in the development of that policy is likely to make it a better policy in the first place – and there is convincing evidence to show that this is indeed the case.

Scotland currently has international 'Open Government Pioneer' status. As part of that movement Common Weal has produced a menu of initiatives and practices from which we could draw – some well established, some innovative. They range from participatory budgeting and the reform of local democracy to mini-publics and citizens' assemblies. This is a chance for Scotland to lead not only domestically but internationally.

We suggest two priorities for action – a commission to design a new system of local democracy in Scotland and a commission to investigate the idea of creating a second 'Citizen's Chamber' of the Scottish Parliament in which ordinary people are selected by lot to oversee and seek to improve the work of parliament and government. However, there are many more options which could form an agenda. And whatever that agenda consists of, it is essential that the Scottish Government follows through boldly and with genuine openness on its existing proposals on participatory budgeting.

People want to believe that their view matters and that their country is run with their consent. A government which redistributes power and sends out the message that it is interested in its citizens will generate trust and respect. A new form of democracy is developing; Scotland should embrace it.

The Scottish Government should set a goal of making Scottish citizens the most powerful citizens in the world.

Reading list:

A list of options - [Agenda for pioneering Open Government: A Common Weal contribution to the Open Government Programme](#)

On a citizens' assembly - [A Citizens' Assembly for the Scottish Parliament](#)

On the failure of local democracy in Scotland - [The Silent Crisis: Failure and Revival in Local Democracy in Scotland](#)

Send the right signals – land reform, fracking, education, arts

There are some areas where the Scottish Government's best route forward isn't so much big initiatives but doing things simply and well and sending out the right signals to citizens.

Top among these is in education where it is important that the Scottish Government does not get into a protracted conflict with teachers, trade unions and parents, a conflict that would distract from its other agendas. The Scottish Government needs to be seen to getting education right, but initiatives such as standardised testing and the proposed governance reform are not the way to do it and should be downgraded or quietly shelved.

Instead the focus should be a full review of the implementation of Curriculum for Excellence, a policy which has been well designed but the implementation of which has led to clutter and confusion. The bureaucratic workload of teachers must be eased so they can concentrate on teaching. But perhaps above all it is important that all available resources are dedicated to increasing the number of teachers and teaching assistants, reducing class sizes and ensuring a fair pay deal for teachers which avoids industrial dispute. An ambition to increase key staff in areas such as libraries and IT support would send out a strong message about the future. The attainment gap will best be tackled by increased teacher contact time with pupils – and by investment in early years and tackling poverty and economic inequality.

Fracking is a one-off decision which must not go the wrong way if the Scottish Government wants to send out the signal that it is progressive government on the side of citizens. Unconventional gas must be banned in Scotland.

Land reform may not be an issue which is prominent enough for enough people to be one of the big agenda-setting programmes for government, but it matters to a lot of people, particularly in the rural north. The Scottish Government should state a clear intent to progress the land reform agenda further – and start to deliver that during this term. Including the taxation of land in the reform of local government tax would be a significant move.

Finally, the Scottish Government should consider how investing in arts can create a sense of a confident Scotland. The more people see themselves reflected in art – particularly in television and film but also in music, literature and the visual arts – the more they will regard themselves positively. Investment in Scottish filmmaking for a Scottish audience could be a particularly fruitful approach to consider.

Embrace local tax reform for revenue raising and redistribution

People will rightly be suspicious of any claims that there can be renewal in government without the question of tax and revenue being addressed. Many of the big issues facing government can only be solved with public investment – education probably foremost among them. Confidence that change can happen requires an honesty that some change costs money.

So the Scottish Government needs to raise revenue to fund redistribution and spend on public services – and the General Election we have just been through should dispel some of the myths around the ‘toxicity’ of talking about tax, particularly where the approach is to ask the wealthy to pay a bit more.

However, the political debate in Scotland has focussed too much on income tax powers simply because they have been newly devolved. The more fruitful and just option is to look at local government taxation where it is universally accepted that the Council Tax is now fundamentally flawed.

The Council Tax is more regressive than income tax; any new system would almost certainly be more progressive and so would redistribute wealth towards those on the lowest incomes. But an even bigger opportunity lies in targeting not income but wealth through targeting the value of land ownership. Currently land owners pay no tax on the land they own so use it as a way of parking their wealth such that it is untaxed.

There are a number of models for how to tax land. Common Weal was developing a paper on a property tax model but suspended work when the Scottish Government ruled out replacing the Council Tax. That property tax would have been levied on property held in both buildings and land – the total value of not only your house but the land that accompanies it would be taxed. For the vast majority of people that would be the same as being taxed on the value of their house (house prices will include the value of the land on which they are built), but for those with large landholdings the value of that land would be captured.

We estimated that a property tax set at 4p in the Pound would raise an additional £500 million per year but that this would make 75 per cent of people better off. The tax would be based on an algorithm which constantly updated property prices and so would not require revaluations. It would be phased in over a number of years so no-one faced a sudden jump in their bills.

This policy would do three things. First, it would fix an unfair system and send out the message that the Scottish Government is willing to act against austerity and underinvestment. Second, it would raise substantial sums to invest in education and other priorities. Third, it would help create a more equal and fair housing market, open up land for productive economic development and tackle the enormous problem of wealth inequality.

Reading list:

On tax raising and investment: [Book of Ideas, Chapter 6](#)