

**David Hume Institute
Autumn Seminar Series**

Policy-Making in a Devolved Environment

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Navel-Gazing in Scotland

- Do we need fiscal autonomy, if so how much?
- What extra policy-making powers does the Scottish Parliament need?
- A curious debate
 - a) Lacks perspective: have we thought hard enough about the powers we have?
 - b) Deeply insular: little awareness of wider UK setting in which Scotland embedded
- This presentation: Scottish policy autonomy vs. (Anglo-)UK constraints

Autonomy vs Constraints

	SCOTTISH AUTONOMY	UK CONSTRAINT
LEGISLATIVE		
FINANCIAL		
INTER- GOVERNMENTAL		
DEMOCRATIC PROCESS		

Legislative Autonomy

- Powers to make Scotland-only laws very wide
 - < Basque Country, Catalonia, Belgian regions
 - > German, Austrian, other Spanish regions
- Nota Bene
 - Separation of devolved powers and those reserved to UK relatively neat
 - No UK-level legislative instruments for achieving statewide objectives on policies devolved to Scottish Parliament
 - E.g. framework powers
 - E.g. ‘concurrent’ powers
- **Result: unusually high degree of legislative autonomy**

Financial Autonomy

- The Barnett system of incrementally adjusted block funding
 - a) Delivers a big budget (at the moment)
 - b) Attaches no strings
- Has none of the instruments used elsewhere for achieving statewide objectives in devolved policy fields
 - Conditional grants
 - Buying into devolved autonomy through co-financing
- **Result: unusually high level of financial autonomy**

Intergovernmental Relations

- Formal mechanisms (concordats, JMC)
 - Not a legal framework
 - Not a guide to practice
- In practice:
 - Informal coordination among civil servants and (Labour) politicians
 - Case-by-case, not systematic within/across ministries
- NOT a framework for achieving shared statewide objectives/roles (as are IGR elsewhere)
 - E.g. coordination on economic development
- **Result: UK central govt has little formal grip on Scottish govt**

Democratic Process

- Different party system to Westminster (more left-leaning plus nationalist dimension)
- Electoral system requires coalition government
- Different relationship with interest groups
 - Scotland-specific
 - Scale and access
 - Stronger hold of public sector interests
- **Result: inevitability of (further) divergence from democratic process at Westminster**

Autonomy vs Constraints

	SCOTTISH AUTONOMY	UK CONSTRAINT
LEGISLATIVE	Wide powers	
FINANCIAL	Untied funding	
INTER- GOVERNMENTAL	Weak grip of centre	
DEMOCRATIC PROCESS	Divergent Scottish politics	

So what's the story so far?

- Series of notable, if sporadic innovations
- No landmark transformation of public services
- No step-change in economic performance
- Why?
 - Westminster still too powerful?
 - So more fiscal autonomy, policy powers?

Blaming Westminster

2003	Does have most influence	Should have most influence
Scottish Parl	17	66
UK Govt	64	20
Local Govt	7	9
EU	5	1

However:

“when provided with information on devolved and reserved powers there was surprise among many at the extent of devolved powers and at the power of final say on devolved matters”

(Electoral Commission 2006)

So what's the story so far?

- Series of notable, if sporadic innovations
- No landmark transformation of public services
- No step-change in economic performance
- Why?
 - Westminster still too powerful?
 - So more fiscal autonomy, policy powers?
- **McConnell at Haddington: need to push at the boundaries of what we have?**
 - **Institutional conservatism? (see Gallagher)**

Legislative Constraints

- England
 - Big – dominates common UK economic, welfare, security areas
 - Centralised govt – uniform regulatory framework across UK's dominant space
 - (SE) England dominates UK media
- Spillovers as de facto limits on Scottish autonomy
 - Health: types of target, private finance
 - Immigration: economic issue for Scotland, security issue for Westminster (and Daily Mail)

Legislative Constraints cont.

- Fusion of UK and English institutions
 - Westminster and Whitehall mix England-only and pan-UK roles, but not good at distinguishing them
 - Overlook implications outside England
 - E.g. EU working time directive and junior doctors
 - Wilfully ignore implications
 - E.g. 2003 Higher Education White Paper
- **Result: England an elephant in the UK boat**

Financial constraints

- Barnett system fine for now, but:
 1. Changes in grant to Scotland driven by decisions on spending in England
 - Can go down as well as up
 - UK macroeconomic judgments that may not weigh Scottish interests heavily
 - Different views on role of state and public spending
 2. Periodic rumblings of debate in England about inequities of Barnett system
 - Northern England, London
 - Conservative thinking
 - Any eventual needs assessment would likely reduce grant to Scotland
- **Result: current financial autonomy vulnerable in medium term**

Intergovernmental Relations

- Informal, unsystematic, etc
- NOT a framework for achieving shared statewide objectives/roles
- Gives UK centre limited formal grip on Scotland
- **ALSO means Scotland has limited grip on UK centre (unlike elsewhere ...)**

Democratic Process

- Westminster has different party system, different electoral system
- Labour will lose sometime to the Conservatives
- Are there clear, cross-party understandings of the meaning of devolved autonomy? Of how to accommodate Scottish within Anglo-UK interests once Labour-led government everywhere has ended?
- **No**

Autonomy vs Constraints

	SCOTTISH AUTONOMY	UK CONSTRAINT
LEGISLATIVE	Wide powers	English Elephant
FINANCIAL	Untied funding	Medium-term vulnerability
INTER- GOVERNMENTAL	Weak grip of centre in Scotland	Weak Scottish grip on centre
DEMOCRATIC PROCESS	Divergent Scottish politics	Divergent UK politics

In sum

- High levels of policy-making autonomy, but in an exceptional situation of high funding and absence of intergovernmental conflict
- Questions:
 - Are we exploiting that situation to the full?
 - Has anyone thought enough about how UK-level constraints impact on Scotland, now and in the future?