

# Scotland's Future:

## Independence White Paper

### Introduction

The Scottish Government has published its White Paper on Independence. In essence this is their proposal to promote a 'Yes' vote in the referendum to be held on 18 September 2014. The document covers matters that are consequential from becoming an independent country like currency and international relations. In addition, it sets out a policy prospectus if the SNP are the first government of an independent Scotland. In this briefing we highlight the issues most relevant to UNISON members.

UNISON would wish to compare and contrast the positions of the various campaigns and parties with regard to a range of issues affecting our members at work and in the community. However, at this stage the pro-devolution campaigns have produced no specific proposals other than the status quo.

### Case for Independence

The key argument for independence is that those who live in Scotland are best placed to decide its future. Devolution has been positive, but independence gives Scotland all the policy levers. It is argued that policies like the Bedroom Tax; privatisation of Royal Mail and Trident replacement would never have been introduced in a Scottish Parliament. A fairer and more prosperous Scotland is possible with full powers and favourable comparisons are drawn with other small European countries. As we point out in UNISON's 'Fairer Scotland', this vision requires hard political choices as well as constitutional powers.

The paper also sets out the arrangements for a transition to independence that is planned for 24 March 2016.

### Finance & Economy

This is probably the most contentious section of the paper. It is argued that Scotland's public finances are stronger than the UK as a whole. While spending per head is higher so are tax receipts, largely due to oil revenues. The academic consensus accepts that is likely to be the case for the foreseeable future, although Scotland will face the same budget challenges as the UK, but the longer-term position is less clear due to the volatility of oil revenues.

The paper points to imbalances in the UK economy because of the London effect and the growing gap between rich and poor. It is argued that independence can create a more supportive business environment and use welfare and employment policies to tackle inequality. It at least remains open to question if constitutional change could change the concentration of economic power in London.

### KEY POINTS:

- **The White Paper is the Scottish Government's vision for Scotland as an independent country.**
- **The referendum will be held on 18 September 2014 and if Scotland votes 'Yes' they intend independence to take effect in March 2016.**
- **Many of the plans arising from independence require agreement from the UK Government.**
- **Other proposals are the Scottish Government's vision for the first administration of an independent Scotland.**



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There is a welcome recognition that stronger trade unions tend to reduce inequality in earnings and proposes a social partnership approach with a National Convention on Employment and Labour Relations. A Fair Work Commission will uprate the National Minimum Wage with inflation and the Living Wage will be promoted. Consideration will be given to worker representation and better gender balance on boards. However, there are few specifics on strengthening employment laws.

Immigration rules will include a points based approach targeted at Scottish labour market needs. The post-study work visa will be re-introduced.

The Scottish Government wants to retain Sterling as part of a formal monetary union with the rest of the UK and the Bank of England would remain the financial regulator and lender of last resort. This would require the agreement of the UK Government and the main UK political parties say that such an agreement is 'highly unlikely'. However, the Governor of the Bank of England has said he would welcome the opportunity to enter "basic discussions" with the Scottish Government on its plan to create a sterling currency union if Scotland votes for independence. Even if such an agreement were reached, it would come with constraints on monetary and at least some fiscal policy levers including borrowing and debt levels.

On tax, the paper supports increases in personal allowances and tax credits by inflation, cuts in air passenger duty and cuts in Corporation Tax for businesses. The case is also made for a simpler and more transparent tax system, ending the planned married couples tax allowance. There is no indication of a shift to more progressive Nordic tax levels to pay for improved public services. The Corporation Tax cut will result in a reduction of income and risks a race to the bottom in business taxation.

### **Health, Wellbeing and Social Protection**

The planned increase in pensionable age to 66 will be kept but a commission will examine the further increase to 67 proposed for 2026/8. Previously accrued pension entitlements will be met. Occupational pensions will also remain largely unchanged, although EU Directives will force the splitting of cross border company schemes. The government hopes to mitigate this through agreed transitional arrangements.

Public service pensions will be honoured and negotiations over future changes will be 'positive and inclusive, rather than confrontational'. The infrastructure exists for pensions administration and the largest scheme (LGPS) is already separate. The division of the pay as you go schemes (including NHS) will depend on negotiations with rUK.

UNISON would welcome the commitment that recent benefit changes will be reversed (Bedroom tax) and the roll out of Universal Credit and PiP will be halted pending a redesign of the whole system (although there is no commitment to any new system having greater resources). There is a strong commitment to the NHS whose pay machinery will be reviewed.

### **Education Skills and Employment**

An expansion of child care to a guaranteed 30hr per week over the next 10 years is the headline pledge. This would be welcomed by UNISON members and would mean an expansion in employment opportunities for women. Of course this is already a devolved power but the Government argue unaffordable under the current devolved settlement. Higher education would remain free and a continued collaboration over research is the aim, subject to UK agreement.

#### **Further info**

Scotland's Future  
(White Paper)

<http://www.scotland.gov.uk/Publications/2013/11/9348/downloads>

UNISON Fairer  
Scotland

<http://www.unison-scotland.org.uk/scotlandsfuture/index.html>

Future of UK and  
Scotland (Research  
project)

<http://www.futureukandscotland.ac.uk/>



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College reorganisation is branded a success and further education and employment services are promised more investment based on retained tax income from job creation. Operating on a 'principle of continuity' all of the current laws restricting employment rights will continue – the only specific advance proposed is to restore the 90 day consultation period for mass redundancies.

The White Paper has many welcome mentions of Trade Unions, Social Partnership and even the worth of collective bargaining. What is missing is any acknowledgement that to make such partnerships meaningful they would at the very least need to be underpinned by a legislative framework which would allow TU's to bargain effectively, and capable of taking action to make deals stick.

### **International Relations and Defence**

Scotland will seek to be a member of NATO. Negotiations will be conducted with the UK Government with the 'aim' to remove Trident within the first term of an Independent Government. Smaller armed forces should deliver a welcome £500m dividend, but that may have consequences for defence industries in Scotland.

EU membership is assumed despite other views, but it is acknowledged that other EU states will need to agree amendments to treaties and negotiations around specific provisions and opt outs such as the Schengen travel area (impact on border controls), the budget rebate and the eurozone. There is considerable emphasis on Scotland's different foreign policy stance, as unlike the UK, it will not have or seek the ability to project global power. Scotland will be 'a champion for international justice and peace'. There will be a network of embassies and international development goals will be honoured.

### **Justice, Security and Home Affairs**

A balance will be struck between human rights (in a new constitution) and security. There will be a Scottish Security and Intelligence agency. Immigration is planned to be a controlled points-based system. There are no plans to set up a physical border with the rest of the UK. And the asylum system will be 'humane'. British citizens habitually resident in Scotland will become Scottish Citizens automatically and will also be available by default to those who have lived in Scotland for 10 years.

The Inner House of the Court of Session will become the Supreme Court for appeals. Policing is already devolved and the white paper claims local policing has been maintained with 1000 extra police officers. In fact they are substituting for civilian staff and local stations are being closed. Firearms, gambling and drug classification would be new powers post-independence.

### **Environment, Rural Scotland, Energy and Resources**

There is a clear focus on increasing payments to farmers, but more alarming is a proposal to reduce the regulatory burden of livestock regulations. UNISON has strongly argued that the consumer needs stronger protection in light of the horsemeat and other food scandals.

The Scottish Parliament has already passed strong climate change legislation under devolved powers. It argues it can do more with a direct voice at the international table, including legally binding EU emissions targets.

The paper shares UNISON's criticisms of Westminster's approach to the UK energy market, but proposes to retain it. The question is will English consumers be prepared to subsidise Scottish renewables or will they simply seek the cheapest options? Switching energy efficiency costs from consumers to taxpayers, as is now also proposed by the current UK Government, is less regressive, but it doesn't address the fundamental weakness in the current market structure.

A Scottish Energy Fund may well have been the right approach forty years ago, but given the challenges facing public spending it is difficult to see how it could be funded today.

## **Culture, Communications and Media**

The specific pledge is the return of the 'royal mail to public ownership in Scotland' although the mechanisms and costings are not set out. The National Lottery will continue in Scotland, with Camelot retaining its licence as operator.

The aim is that there will be a Scottish Broadcasting Service based on BBC Scotland with a joint arrangement to continue broadcasting BBC material. This will be funded as now by a licence fee. It is assumed that the BBC as a whole will want the same amount of programming as now from Scotland and that the SBS will retain a share of the BBC's revenue raising. Current initiatives to expand digital network coverage will continue with taxation, and regulation aimed at ensuring a return for investors.

## **Building a Modern Democracy**

A Constitutional Convention which will involve input from trade unions and business will draw up a new constitution. It is not said how this would be approved. This chapter sets out how the Scottish Government hopes the negotiations with the UK government will proceed and the benefits as they see them. This includes the apportionment of assets and liabilities.

There is surprisingly little about how the Scottish Parliament would change post-independence. Equality and human rights legislation would be enshrined in the constitution. They will consult on a target for improving gender balance on company and public boards.

Of the 300 UK public bodies currently acting for Scotland – 60% would transfer, 30% would be shared services with the UK (subject to agreement) and 10% do not need to be replicated in Scotland. They will work with the UK government to secure continuity of employment for staff. Pensions will be honoured.

The Scottish Government proposes the role of Local Government be embedded in the constitution, but otherwise the paper has little to say about subsidiarity and devolving services to local democratic accountability. There are promises to integrate and rationalise the public sector landscape. The Third Sector will remain a key partner, "playing a major role in our economy and in the design and delivery of public services".

## **Conclusion**

For those committed to either the 'Yes' or 'Better Together' campaigns the White Paper is either a bold vision of a different future for Scotland, or alternatively, a long list of assertions and uncosted options. The truth as always is somewhat more nuanced. Members will want to consider the White Paper in detail over the coming months, together with any proposals from the pro-devolution parties for improving the current constitutional settlement.



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