Legislation can on occasions be controlled by Ministers who use a safe Westminster majority to secure a programme which has only minority support in Scotland.

There were few defenders in the Convention of the system which is now in place, but there was healthy argument over what form change should take place.

The Convention has sought consensus around a scheme that would carry the broadest measure of support. Although the Claim of Right clearly acknowledges the right of the people of Scotland to opt for a wholly independent state, the Convention believes that this does not have majority support, whereas a scheme on the lines agreed would unite the overwhelming majority of the people of Scotland who favour varying degrees of home rule.

A decision was taken to seek challenging and fundamental reform of the structure of government in the United Kingdom. A Scottish Parliament securely based on legislative power will give responsive and direct government to the Scottish people while retaining essential links with the rest of the country. It will put an end to the unacceptable situation in which policies radically affecting education, housing or health can be imposed by Ministers out of touch with Scottish opinion. The friction that can result is bad for Scotland and the United Kingdom as a whole. Reform will give a sense of involvement in the political process that is presently lacking.

What self-evidently flows from this decision is that other parts of the country have a direct interest in the scheme, its form and how it is implemented. We are convinced that the passing of power to areas in which people live is right and has relevance for every part of Britain.

Any change can and ought to be based on agreement and assent. Scotland is not seceding, nor attempting to dictate terms or to impose a uniform settlement on other parts of the country. The aim is to strengthen the United Kingdom by establishing that our constitutional structure is sufficiently flexible to accommodate Scotland's needs. We expect Westminster to act because we expect Westminster to listen, recognise the need for reform, and acknowledge that the United Kingdom Parliament must take account of the diversity that exists within the United Kingdom.

The Scottish experience will stimulate debate and movement in other parts of the country. The North of England, Wales and the South West of England have suffered as certainly as Scotland from the centralisation of power. People living there will want to put in place the right solutions for their particular needs. Opinion has moved a long way over the last 10 to 15 years. Reform in Scotland will not be a dangerously isolated experiment in one corner of a hostile Britain.
There is a strong case for moving towards a form of federal Government. There was support across the Convention for such a system, but equally a feeling that this demanded a timescale that Scotland would not be prepared to accept. Federalism is not as yet on the political agenda but it does remain a long-term objective for many in the Convention. The pace of change will depend at least in part on the growth of interest in what is happening in Scotland.

The scheme being proposed represents a major shift in the constitutional arrangements governing Britain. There must be a basis of consent to underpin the settlement. Any constitutional machinery must be stable and enduring. There will be no stability if the settlement is constantly under threat and open to revision whenever a hostile Government is elected at Westminster.

The Convention is adamant that the powers of the Scottish Parliament, once established, must be entrenched so that they cannot be altered without the consent of the Parliament representing the people of Scotland. It is accepted in the first instance that the Scottish Parliament will be established by an Act of Parliament in Westminster. Although it would be constitutionally possible for Westminster to repeal or amend such an Act without reference to the Scottish Parliament, the Convention’s objective is to make such a move practically and politically impossible. The Act establishing the Scottish Parliament would state that the powers would not be altered without the consent of the Scottish Parliament.

The Scottish Parliament will look not only to Westminster, but also to Brussels and Strasbourg. An effective Scottish voice in the EEC is a pressing priority. This does not mean struggling to re-establish a nation state at the very time Europe is moving away from this narrow concept. The mood in Europe is very different with the German Lander, Spanish autonomous regions and the Italian provinces coming together to press common claims. Scotland, using the strength of the United Kingdom and her new independence of action, would be well placed to play a full part. It is a role that would be welcomed, not resented. In this context the Convention recognises the rapid pace of change as the European Community moves towards closer economic and political union. Developments within other member states towards decentralised decision-making to regional and provincial Governments are seen as parallel moves to the Convention’s own proposals.

There has been much talk about a Scottish voice in Brussels. The Convention is not satisfied with good intentions. The Scottish Parliament would, as an immediate priority, establish a representative office in Brussels to put clearly and directly Scottish interests. Scotland must also have representation through the Scottish Parliament on United Kingdom Ministerial delegations to the Council of Ministers.

The Convention has been exercised about the links with other tiers of Government. Local government structure will be a matter for Scotland’s Parliament. The Convention has not the power or the wish to dictate future policy to Scotland’s elected representatives, but there was a strong view that a single-tier of local government would be appropriate once the Scottish Parliament was established. It is our understanding that this will be a recommendation endorsed by all the political parties represented in the Convention.

A Working Party has already been set up by the Convention to consider the place of the Island communities. No detailed decisions have been reached but there is agreement that the unique place of the Islands warrants separate constitutional consideration in the detailed legislative proposals for the establishment of Scotland’s Parliament and the range of powers and responsibilities.

The Convention has been concerned not only with the protection of the new constitutional arrangements, but also with the rights of the individual. The Convention believes that there is a clear case for special protection for fundamental liberties. Their importance should be recognised in the constitutional framework. Difficulties can arise with definition and the problems of judicial interpretation but we accept that the weight of argument is in favour of innovation. We intend to provide a Charter of Rights encompassing and improving upon the European Convention on Human Rights.

**THE POWERS AND RESPONSIBILITIES OF SCOTLAND’S PARLIAMENT**

The power base of the Parliament – its essential reason for existence – will be its wide ranging legislative powers. These will touch every aspect of Scottish life. Speculation during the Convention’s work has inevitably tended to centre on differences of opinion and the negotiations which have led to agreement. The solid, impressive foundations have sometimes been forgotten.

The Scottish Parliament will be responsible for all areas of policy presently within the remit of the Scottish Office. It will have the exclusive right to legislate on these matters unchallenged by Westminster.

The writ of the Scottish Parliament will run in health, education, housing and law reform. It includes the powers transferred in the Scotland Act 1978, but has built on these to provide a comprehensive package reflecting Scotland’s needs. It will end the present unhappy situation with Scottish legislation sheltering uneasily within the Westminster system.

If the Scottish Parliament had been in place this land would not have been burdened by the poll tax or the privatisation of the Health Service. For good or for ill, such controversial matters would be the exclusive responsibility of a Parliament directly reflecting the opinion of the Scottish people. Responsibility
Scottish Government Yearbook 1992

Scottish Parliament's powers will be defined in the constitutional settlement. The main matters which remain with Westminster will be defence, foreign affairs, central economic and fiscal responsibilities and social security policy. The range of powers and responsibilities that will be the preserve of a Scottish Parliament are set out later in the Proposals Section.

The social powers of the Scottish Parliament would ensure that policies would be pursued that took full account of Scottish priorities rather than being shaped by experience and circumstances elsewhere. For example, the distinctive Scottish education system and its future development at all levels will be fully under the control of the Parliament. The structure of the Health Service in Scotland must meet Scotland's needs. Its role in medical education and training and its future direction would be determined entirely in Scotland.

The stress on the legislative powers that will pass to the Parliament must not detract from the importance of our proposals in the economic field. Scotland has been scarred by industrial contraction and decline. We have lost well over 200,000 jobs in manufacturing industry in the last decade. There are few communities that have not known the distress and bitterness that comes with unemployment. There is little dignity in the dole queue. Life is hard for a family which has to depend on unemployment benefit.

Scotland's prosperity last century was founded on coal, steel and shipbuilding. Change - and painful change - was inevitable. The real failure is the failure to adapt. New industries have not been easy to establish. The fear that Scotland may be stranded on the edge of Europe, far from the market place, is real and urgent. Electronics, the financial and service sectors have grown but not at the pace of our competitors. Although the North Sea oil and gas industry is a major employer, it has not been enough to compensate for more than a small proportion of the skilled jobs lost.

The enemy in many areas remains apathy and an insidious feeling that decline is inevitable. The sad assumption all too often is that job opportunity will narrow and people drift away as the country exports skills that Scotland can ill afford to lose. The essential problem is what is not being done. The sins of omission often do the greatest damage.

It would be madness to imagine that a change in the structure of Government can solve all our economic ills. We make no such claim. Many of the troubles Scotland faces are shared with other parts of Britain. A redundant shipyard worker on the Clyde knows despair and hopelessness as certainly as a colleague in a similar position on the Tyne or Mersey. The causes of our discontent must be tackled on a co-operative basis.

A great deal, however, can be done in Scotland by the people. Meagre investment and inadequate training are typical of a range of problems that can be tackled here at home. A Scottish Parliament would make a significant contribution working with Westminster and within the guidelines of national policy. The powers we propose will allow Scots to tackle our problems with a new force and spirit.

The economic powers were carefully considered in the Convention. The list which appears later in the Proposals Section is not exhaustive but is evidence of intent. Strategic planning powers, the strength of the development agencies, competition policy and regional incentives, responsibility for training, and the drive to attract overseas investment will give an effective profile to a Scottish Parliament. The breadth of these proposals emphasises the priority that we give to building a prosperous and expanding industrial and commercial base.

FINANCING SCOTTISH EXPENDITURE

The financial base and the resources available to the Parliament will fundamentally affect the credibility of the scheme. There has been much debate on these matters generated in the Convention and the national Press. There were differences of emphasis, but common aims, and the outcome was agreement on a framework which is practical and secure.

The Convention scheme recognises the importance of stability and the advantages of forward planning. We propose therefore that a significant proportion of Scotland's annual expenditure should take the form of assigned revenues passed as of right to the Scottish Parliament. In this category we would include income tax collected from those living in Scotland and the proceeds of Value Added Tax paid in Scotland. We are advised that there is no technical difficulty about the income tax calculation, but VAT revenue is more difficult to define and may have to be based in part on Treasury estimates. The existence of substantial assigned revenues will underline the independence of the Parliament. Negotiations with the Treasury will be concentrated on any balancing payment required to bring total income into line with assessed need.

The United Kingdom is a partnership in which resources are pooled and burdens shared. The Convention has no intention of departing from that principle. Any other approach would undermine the foundations on which this country depends. We operate on a basis of mutual help designed to equalise resources and to strike at any economic and social divisions that may exist.

The basic income of the Parliament will be incorporated in a budget negotiated with the United Kingdom Treasury. The annual allocation will be based on need, taking into account the responsibilities of the Scottish Parliament, and balancing the competing requirements of other areas. The current Scottish Office departmental budget of around £10bn is calculated in this way. Based on the Barnett formula the system is tried, tested and well
understood.

Scotland will contribute her share, whether through taxation or North Sea oil revenues, to the United Kingdom Treasury and draw in her turn according to need. The level of identifiable public expenditure in Scotland is well above the United Kingdom average but that reflects the problems and difficulties Scotland faces. Nevertheless the lion’s share of other forms of public spending accrue to the South East of England, narrowing the total differential. No sensible person would argue that resources should be allocated throughout the United Kingdom on a per capita basis. Why should a formula based on need be replaced by one based on greed? Why should Westminster, having set up the Scottish Parliament, for no logical reason mount at the same time a revenge raid on the new Parliament’s budget? There would be no justification for such a reaction nor for arguing such a case.

During the battles over the Scotland Act, the settlement then proposed was persistently criticised for the absence of tax raising powers. We were told it was constitutionally irresponsible to have a tier of elected Government which was not subject to the discipline of raising a proportion of the revenue it spent. The Convention recognises the force of that argument and proposes that the Scottish Parliament should have the power to vary the resources available to it. This would be done by regulating income tax to give a necessary flexibility to the fiscal arrangements. If Parliament wishes to raise additional funds in Scotland, perhaps for education or improvements in the Health Service, it will be in a position to do so. Those responsible for such a decision will be answerable for their actions at the ballot box, but any such increase will at least be linked to specific improvements in service and judged on that basis.

Such a power could only affect total expenditure at the margin, but as an additional safeguard it will be available only within a limited range defined by statute. We believe our proposal is right. We reject the view that our elected representatives will for some inexplicable reason have no regard for Scotland’s interests.

The financial plans are sensible and will work. They are not set in stone, however, and will be subject to adjustment during discussions with Westminster and as the Parliament develops and grows in stature and experience. The financial machinery including the allocation formula and the range of assigned revenues will require regular review to take account of Scotland’s changing needs, the demands made by other parts of the United Kingdom and the resources available. The framework, however, will be in place and we are confident that it will give the Scottish Parliament the financial standing and the weight that is required to tackle Scotland’s problems.

**MAKING THE SCOTTISH PARLIAMENT TRULY REPRESENTATIVE**

Confidence in the present electoral system has been badly undermined by the bitter experience of recent years. Elections in which the winner takes all become more difficult to defend as the number of candidates standing in each seat increases. As things stand it is perfectly possible for a Member of Parliament to be returned with little more than one third of the votes cast. The cumulative result can be the election of a Government with a substantial majority in Parliament but a minority share of the votes. In the United Kingdom, Mrs Thatcher has dominated for a decade although in the most respectable of her three election victories her Party polled only 42% of the vote and a very much smaller share of the qualified electorate.

In Scotland too there are inequalities. In recent elections, and indeed for a considerable period of time, the first-past-the-post system has produced weighted results. The Convention’s view is that an imbalance of this type would not be acceptable in a Scottish Parliament.

The issue gave rise to considerable discussion in the Convention. The problems of fragmentation and the tendency to coalition government were canvassed, but the decisive factor was the need for a system under which the seats won more accurately reflected the votes cast for each party. It was for this reason that the Convention decided that the first-past-the-post system would not be used in electing the Scottish Parliament.

This statement of principle leaves a number of possible options. Further work will be required before a precise system emerges as the best way of meeting the criteria laid down by the Convention. This work is presently continuing within the Convention and within political parties and other organisations.

Of particular and pressing concern is the failure of the British political system to face the issue of women’s representation. The record here is lamentable and progress has been painfully slow. The problem has been on the political agenda for too long but, despite good intentions, sometimes reluctantly endorsed, prejudice remains. The new Parliament provides the opportunity for a new start and the Convention is determined that positive action will be taken to allow women to play their full and equal part in the political process. The principle of equal representation for women in a Scottish Parliament has been agreed. The Convention is committed to securing the mechanism to achieve this in further consultation and discussion about the electoral system.

A number of points emerged as of importance during the work of the Convention. These criteria, against which a possible electoral system should be measured, can be summarised as follows—

(a) that it produces results in which the number of seats for various parties is broadly related to the number of votes cast for them;
The Scottish Parliament will not be a pale imitation of Westminster. There will be no archaic practices justified in terms of custom and long usage in another place. Procedure developed over the years at Westminster can be defended only in terms of respect for tradition. That is not good enough. The sittings, working hours and conditions in a Scottish Parliament must be designed for the 21st century. The relationship between the executive and legislature should be examined and safeguards built in, lest Lord Hailsham’s “elected dictatorship” lives on north of the border. There are exciting possibilities with new forms of scrutiny which could make sure that elected members are no longer seen simply as lobby-fodder. The aim is and must be to encourage an open, accessible and democratically accountable government and a participatory democracy which will bring Parliament and people close together in determining what is best for Scotland.

THE WAY FORWARD

The Convention has been able to translate the widespread support for a shared vision into a practical plan for action. The Claim of Right set out that vision in language of hope. It combined the historical perspective with the determination to seek and win change. The Convention had the demanding task of building on those foundations and has done it well.

Over the months political parties, local government, Church and trade union representatives have through formal session and informal consultation sought the right way forward.

We believe our conclusions give the people of Scotland the new deal they seek. Our plans when implemented will represent an irreversible shift of power in favour of ordinary people here in Scotland.

Agreement within the Convention is only the starting point. Those who have worked to achieve so much will now campaign in every way and at every level to inform and convince the public. The first task of the Convention was to achieve an accord, but equally important is the task of persuading the Scottish people that our proposals provide the right framework for the future.

When implemented, these changes will represent the most fundamental reform of the British system of Government seen this century. It will be a journey of opportunity providing challenges, risks but, above all, the chance to influence the way we are governed as never before. A Scottish Parliament will give this nation a sense of direction and an excitement that has been painfully absent in recent years.

It is an honest attempt and we believe a successful attempt to combine the interest of the United Kingdom with Scotland’s needs. The scheme is not a sentimental nod to a distinguished past but an imaginative effort to build on the strong sense of identity that already exists. By allowing that full expression, the United Kingdom will be strengthened and Scots will be able to contribute effectively to the common good. We believe this is a settlement which represents progress and secures our future. We commend it to the Scottish people.

SCOTLAND’S PARLIAMENT – THE PROPOSALS

CONSTITUTIONAL ISSUES AND STRUCTURE OF GOVERNMENT

1. The Convention seeks a directly elected Scottish Parliament within the United Kingdom – which, subject to the wishes of the people of Wales and the English regions would be the forerunner of Assemblies in these areas – with a United Kingdom Parliament covering UK matters, such as defence, foreign affairs and central economic and fiscal responsibilities.

2. The Convention endorses the principle of entrenchment in relation to Scotland’s Parliament as regards its powers, the Scottish Executive, and Scotland’s relationship with the United Kingdom Government and the European Community in order that these would be incapable of being unilaterally amended at a later date by the Westminster Parliament.

3. Scotland’s Parliament should establish a representative office in Brussels to facilitate relations between itself and European Community institutions. There should be a statutory entitlement for Scotland’s Parliament and/or Executive to be represented in UK Ministerial delegations to the Council of Ministers.

4. Although local government structure would be a matter for Scotland’s Parliament and not the Convention to decide, there is general agreement amongst the political parties participating in the Convention that they would be proposing to Scotland’s Parliament a single tier structure for local government.

5. The Convention acknowledges that the Islands areas in Scotland are
sufficiently unique as to warrant separate constitutional consideration in the
detailed legislative proposals for the establishment of Scotland's Parliament
and its range of powers and responsibilities.

6. There should be special protection for fundamental rights and
freedoms within Scottish law, over and above the protection afforded by
ordinary legislation. This should be ensured by means of a Charter of Rights,
which would encompass, and improve upon, the European Convention on
Human Rights.

POWERS AND RESPONSIBILITIES OF SCOTLAND'S PARLIAMENT

1. Scotland's Parliament would have a defined range of powers and
responsibilities which would encompass sole or shared responsibility for all
functions except those retained to the United Kingdom Parliament. The
primary matters to be retained to the United Kingdom Parliament would be
defence, foreign affairs, central economic and fiscal responsibilities, and social
security policy.

2. On this basis the range of functions which should come within the
powers and responsibilities of a Scottish Parliament can be set down as
including the following:-

   (1) Administration of social security
   (2) Agriculture
   (3) Civil Law, with the possible exception of some areas of commercial
       and contract law
   (4) Coastal erosion and the flooding of land
   (5) Crime (excluding deportation, extradition and some other areas) and
       the Prison Service
   (6) Development and conservation of the countryside
   (7) Development of tourism
   (8) Education, including the universities and cultural and recreational
       activities
   (9) Electricity generation and terms and conditions of availability of
       energy to the consumer
   (10) Fire service and fire precautions
   (11) Fisheries
   (12) Forestry matters
   (13) Health
   (14) Historic buildings and ancient monuments
   (15) Housing
   (16) Industrial development
   (17) Land use and planning
   (18) Legal system and profession
   (19) Local government
   (20) Police

3. Of particular importance will be the nature and extent of the powers
of Scotland's Parliament in the spheres of economic and industrial policy. These
have been examined in detail and the Convention proposes that they should
include the following:-

   (a) Strategic economic planning powers for industries like whisky, steel,
       off-shore engineering, food processing, clothing and textiles, agriculture and
       related land issues, fisheries, some areas of engineering, and possibly
       electronics and ship-building, where the Scottish industry is not inextricably
       integrated in the structure of the UK industry.

   (b) Powers to co-ordinate the planning of the Scottish components of UK
       industries where there is a clear inter-relation or where scale demands UK
       planning. The financial sector, oil and gas, petrochemicals, power and process
       plant engineering, pharmaceuticals, atomic energy, vehicles, railway policy
       and aerospace are amongst the most important.

   (c) Power via revived and strengthened Scottish Development Agency/
       Highland & Islands Development Board/Scottish Enterprise to negotiate with
       multi-nationals over the terms of inward investment within the context of UK
       regional policy.

   (d) Powers over education and training policy, vital both for the
       maximum development of the human potential of Scotland's people and for
       the developing labour requirements of a dynamic, modern economy.

   (e) Power to initiate some form of public ownership or control in the
       public interest.

   (f) Responsibility for industrial research and development policy with the
       co-ordinating function in this area for industries with a wider UK base.

   (g) Responsibility for monopolies and mergers policy within Scotland.
       This could mean the establishment of a Scottish Monopolies Commission to
       act as an effective watch-dog over any attempted take-overs of remaining
       Scottish companies, or their integration into multi-national operations within
       the context of UK and EEC competition policy.

   (h) Power to establish a Scottish international trade organisation, initially
       with public finance but which in the long term would be self-financing, to assist
       in the development of Scottish exports by providing companies with export
       assistance modelled on the Japanese international trade corporations.
(i) Within the overall context of EEC competition and company law, responsibility for the protection of Scottish industry and for company law and registration within Scotland.

(j) Powers to establish Scotland as a competitive and attractive location for companies to establish and to encourage competitive advantage for Scottish-based business.

4. It must be stressed that this paper represents a summary, and is not an exhaustive listing, of the range of powers which should be held by Scotland’s Parliament. Other areas, an example being the implications for broadcasting, will require further consideration by the Convention or by Scotland’s Parliament itself.

FINANCING SCOTTISH EXPENDITURE

The Convention seeks an arrangement for financing Scottish expenditure which will give Scotland’s Parliament the kind of independence and flexibility it would require, whilst retaining an element of equalisation based on Scotland’s needs and disadvantages. This would be achieved through a system of “assigned revenues”, i.e. revenues assigned to Scotland’s Parliament as of right, on the following basis:-

(a) There should be the assignation of all Scottish income tax to Scotland’s Parliament and if possible the assignation of all Scottish VAT. If this is not possible the best estimate of Scottish VAT should be found and that should be assigned.

(b) There should also be a power for Scotland’s Parliament to vary the income tax rate but there should be some range defined so that the variation in income tax up or down cannot be misunderstood as being by a wide margin.

(c) Equalisation would continue to be based on needs assessment starting from the present formula basis.

(d) It would be necessary to review these arrangements on a regular basis. The initial review of needs would take place as soon as possible after the establishment of Scotland’s Parliament. Further, more general reviews would follow.

MAKING THE SCOTTISH PARLIAMENT TRULY REPRESENTATIVE

1. The present “first-past-the-post” electoral system is not acceptable for Scotland’s Parliament and does not produce a truly representative assembly.

2. The Convention seeks for Scotland’s Parliament an electoral system which should be assessed in terms of the following principles:-

(a) that it produces results in which the number of seats for various parties is broadly related to the number of votes cast for them;

(b) that it ensures, or at least takes effective positive action to bring about, equal representation of men and women, and encourage fair representation of ethnic and other minority groups;

(c) that it preserves a real link between the member and his/her constituency;

(d) that it is as simple as possible to understand;

(e) that it ensures adequate representation of less populous areas; and

(f) that the system be designed to place the greatest possible power in the hands of the electorate.

3. Having secured the firm commitment of all of the major participants in the Convention to these principles, including equality of representation of men and women, the Convention will seek to identify the precise electoral system which best meets these criteria.

4. The criteria set down in 2(b) above should also extend to the working structures and patterns of the Parliament, which should make its work transparently accessible to the Scottish people, and especially to groups who have been under-represented or voiceless.

5. The Convention will undertake further work which will ensure open, accessible and democratically accountable government.

August 1991