



A PRAGMATIC VISION FOR A PROGRESSIVE SCOTLAND

**New ideas for Scotland
from the Labour group
at Westminster**

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CONTENTS

Contributors	5
Introduction Ann McKechin	6
An aviation policy for Scotland Brian Donohoe	7
The future of Scottish film Tom Clarke	24
Back to bricks and mortar Sheila Gilmore	31
The green economy – an opportunity for Scotland Mark Lazarowicz	40
The private rented sector – growing and here to stay: a progressive response Ann McKechin	52
Making the case for manufacturing Iain McKenzie	62
Security at work – good for employees, good for business Ian Murray	68
Gender equality and 20/20 vision Sandra Osborne	83
A real strategy to tackle fuel poverty John Robertson	99
A decent deal for workers Jim Sheridan	114

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INTRODUCTION

Ann McKechin MP

Understandably, political debate in Scotland currently revolves around one event on one date. But the independence referendum has also crowded out discussion of many issues of concern to Scottish people; issues which have a real impact on their daily lives. As elected representatives, we meet week after week with people who want to engage us on a range of topics: how to find a house; the quality of their working life; how they are going to be able to pay their energy bills. We need to ensure that we provide a voice for their concerns on the 19th of September and beyond.

Each of the contributors to this collection entered politics because of their passion for change. We are still passionate, but we are also pragmatic. We hope that our work can contribute to shaping a new offer from Scottish Labour for a progressive agenda; not one that wishes to dwell incessantly on a succession of tedious process stories, but one that is prepared to make difficult decisions to tackle the problems that impact on our communities across the country.

These essays are a new experiment for our group at Westminster, but I have been delighted by the support and enthusiasm offered by colleagues over the past weeks in assembling this work. My thanks in particular to my researcher Christopher Leigh and also to Martin McCluskey for their input and assistance, and a special word of thanks to Duncan Hothersall (and the Scottish Fabians) for contributing their skills and experience in publishing this collection.

AN AVIATION POLICY FOR SCOTLAND

Brian Donohoe MP

Background

Scotland is more dependent on aviation than any other part of the UK. It provides the vital domestic and international connectivity for passengers and freight to enable Scottish businesses to thrive. Air transport is crucial to the development of Scottish tourism, and it provides the means for Scottish leisure travellers to take weekend breaks and annual holidays. Offshore helicopter services from Aberdeen, Sumburgh and Scatsta provide access for the exploration, development and production of offshore oil and gas. Without this network of air services, many communities in the Highlands and Islands of Scotland would be isolated and reliant on slower, less frequent ferry services with adverse impact on social cohesion and economic development.

Aviation provides access to immediate medical care across the whole of Scotland, including to Orkney, Shetland and the Hebrides, through the lifesaving services of the Scottish Air Ambulance. It helps support the police and fire services and the on and offshore rescue capability of HM Coastguard's helicopter rescue service. Its helicopter support operation enables the Northern Lighthouse Board to maintain its lighthouses and aids to shipping navigation.

Meanwhile, the RAF maintains significant aviation activity in Scotland through operations at its bases at Kinloss, Leuchars and Lossiemouth, though Leuchars is due to close to the RAF in 2015 and revert to use by the Army. A number of aviation maintenance and overhaul operations are based in Scotland, supporting airlines such as *British Airways* and *Ryanair*, and there are a number of aero engine and aircraft component overhaul companies operating in Scotland.

Aviation also provides leisure and sporting opportunities in Scotland. It enables people to learn to fly (both fixed-wing and helicopter), glide,

A pragmatic vision for a progressive Scotland

parachute, parasail or go ballooning to gain new perspectives on the stunning variety of Scottish landscapes.

Business aviation also plays a significant role in supporting the Scottish economy, particularly to the energy, financial services and tourism sectors, with its operators able to access the network of Scottish airports. *Gamma Aviation's* recent development of its new support facility at Glasgow Airport is a good example of the importance of the growth of business aviation.

Airports

For a country of its size, Scotland is well provided for in terms of airport provision. In contrast to the rest of the UK, the majority of Scottish Airports are owned or controlled by the government or its agencies. It has four major international airports at Glasgow, Edinburgh, Aberdeen (all owned privately) and Prestwick, which is owned by the Scottish Government. These are supported by a network of eleven smaller airports, which meet the needs of the more remote communities, particularly in the Highlands and Islands. These are owned and operated by Highlands and Islands Airports (HIAL) on behalf of the Scottish Government. In addition, there are a number of other airports/airfields owned and operated by various Scottish Local Authorities, including Oban, Coll, Colonsay and Skye. There are also other General Aviation airstrips in Scotland, such as Glenforsa on the Island of Mull and others serving the Islands and Scottish Borders.

Passengers

This network of airports serving Scotland's 5.25 million inhabitants generated some 22 million air passengers in 2012, 10% of the UK total. Of those, some 9 million passengers a year used Edinburgh Airport, 7 million at Glasgow, 3 million used Aberdeen and 1 million used Prestwick. Inverness is the largest of the HIAL airports, handling some 600,000 passengers a year of the total 1.3 million passengers at all HIAL airports. By way of comparison, the beach airport of Barra handled some 11,000 passengers a year. Full data is given in the table at appendix 1 of this report.

Freight and mail

Air freight and mail remain important to Scotland, providing the only means of quick delivery to remote communities, and are crucial to the increasing use of online shopping and e-commerce. Edinburgh Airport is Scotland's largest air freight and mail airport, handling 19,000 tonnes of freight and 24,000 tonnes of mail annually. Prestwick Airport handles some 10,000 tonnes of freight, mostly flown by larger intercontinental freight aircraft.

Employment

Scotland's airports employ some 20,000 people directly, with many more employed in the supply chain. This generates many millions of pounds for the Scottish economy, facilitating further employment and economic activity in the tourism sector.

Public Cost of Aviation

The nature of Scottish air services and the public service connectivity that they provide means that some aspects of Scottish aviation are underwritten by the Scottish Government and its agencies.

In 2012/13, HIAL received some £22.2 million in subsidy to underwrite the operation and investment in its 11 airfields from the Scottish Government. In addition, the Scottish Government and a number of Scottish Local Authorities underwrote Public Service Obligation (PSO) air services to points such as Barra and Tiree from Glasgow, Coll and Colonsay from Oban, and within Orkney and Shetland. The Scottish Government owns and operates Prestwick airport. It also supports the Air Discount Scheme for Island Communities.

Aviation Policy Issues

This background confirms the importance of the aviation and air transport sectors to the Scottish Economy, to employment, and to social cohesion.

It also raises a number of questions about the policies currently being pursued by the Scottish government in the aviation sector. There are

A pragmatic vision for a progressive Scotland

areas where current policy must be aligned and strengthened if air services are to be improved for the benefit of the Scottish economy.

These can be grouped under 5 main headings covering:

1. Air Service operation and development including the Public Service Obligation (PSO).
2. Airport operation and ownership.
3. Taxation – Air Passenger Duty.
4. Aviation support services – regional policy and aid.
5. Aircraft availability, navigation aids and the Civil Aviation Authority (CAA) regulatory policy.

This essay does not consider specific environmental impacts of aviation. It accepts the special geographic circumstances of Scotland and recognises the fact that the UK is a signatory to the Kyoto Convention, which calls for a reduction of air transport emissions to 2005 levels by 2050.

The fundamental focus for our aviation policy remains to ensure safe, reliable operations, which contribute to the economic development, employment opportunities and social cohesion of Scotland within the framework of the United Kingdom.

Air Service operation and development, including the Public Service Obligation (PSO)

With four major international airports and numerous others supporting commercial air services to meet the social and economic needs of Scotland, there is an inevitable level of market and service fragmentation. In an ideal world, there would be a single airport to serve the Scottish lowlands, given that the key centres of lowland population are only 50 miles apart. But the reality means that airlines have to split operations between the existing lowlands airports, reducing the opportunity to achieve economies of scale, which also reduces the level of viable route networks that can be sustained.

This in turn means that Scotland, including the Lowlands, will remain dependent on retaining guaranteed connectivity with other major hub airports for passengers and freight to access air services, despite the availability of some long haul services from Glasgow and Edinburgh, though only to North America and the Middle East at present.

For the majority of long haul travellers to and from Scotland, it means accessing services via London Heathrow (the UK's only major network hub airport), a continental gateway such as Amsterdam or Dublin or, in the case of Glasgow, Dubai.

Scotland now has only three links to the London Heathrow hub: Glasgow, Edinburgh and Aberdeen. Only Edinburgh and Aberdeen offer competing *BA* and *Virgin* services to Heathrow. Dundee recently lost its only link to London City Airport, whilst Inverness lost its high frequency link to Heathrow twenty years ago, and has been struggling to guarantee any link to London following the withdrawal of *FlyBe* services to Gatwick. It will now be left with an *easyJet* service to Gatwick and Luton, with no industry-secured online connecting service guarantee, as is still available from Glasgow, Edinburgh and Aberdeen.

The guaranteed availability of point-to-point domestic services, either on legacy or low-cost carriers, is also crucial to the Scottish economy. It provides a competitive and necessary alternative to rail services, which can be disrupted by weather, landslips or flooding.

In general, air services often continue when ferry operations are disrupted. In addition, maintaining and securing 2-3 kilometres or so of runway is much easier than doing so for hundreds of kilometres of rail line.

It is therefore vital that policies support the continuation and guarantees of air service connectivity from the main Scottish Airports, and restore lost regional links from Prestwick, Dundee and Inverness to the London Heathrow hub.

Whilst the Davies Commission is still finalising its recommendations for new airport capacity for London, and until such new hub runway capacity is built, a policy should be developed to allow a minimum

A pragmatic vision for a progressive Scotland

twice daily air service from Inverness, Prestwick and Dundee into Northolt, some four miles north of London Heathrow, thus providing improved access to the UK's only hub airport network of air services. It would provide improved (or, in the case of Dundee, unique) access for passengers from those cities requiring access to points in West London. At present RAF Northolt is open to 12,000 Business aircraft movements a year. If those movements were moved to specialist Business Aviation Airports of Farnborough or Biggin Hill, then those UK regional points that have lost access to Heathrow such as Inverness, Dundee and Prestwick, could be reconnected to the UK's only hub.

Ideally, such operations would be guaranteed by Public Service Obligation (PSO) protection as permitted between specified airports serving named cities under EC rules. Northolt's runway is some 1687 metres long, significantly longer than the highly successful London City Airport's runway. Shuttle buses could then take passengers to and from Heathrow terminals or the nearby London Underground stations. At present, it can take up to 3 hours for passengers to transfer between Gatwick and Heathrow from Inverness.

Established Air Traffic Control procedures exist for such operations at Northolt without adversely impacting Heathrow capacity. It has already been established that a new northern runway for Heathrow would handle some 200,000 movements a year in addition to the 480,000 existing operations there. More generally, policies should be developed to encourage new direct air services and networks from Scottish airports through an increase in the liaison with airlines and airports by the Scottish and Westminster Governments, to establish what policy instruments might be appropriate. Historically, Route Development Funds had been used. But increasing the understanding of airline economics and markets in both Holyrood and Westminster should be encouraged.

The Scottish domestic air service network, and particularly that within the Highlands and Islands, has the potential of extending the role of PSO support, and support to the Air Discount Scheme for Island residents should be evaluated further to establish that the Government

funds currently used are being optimised. Would a comprehensive PSO network for the Highlands and Islands provide a better network of services with more frequency at lower cost? Currently, PSO links support services to and from the Hebrides, within Orkney and Shetland and Argyll, whilst the Air Discount Scheme allows Island residents reduced cost air services to the mainland.

The Highlands and Islands Transport Partnership (HITRANS) and the Shetland Transport Partnership (ZETRANS) have commissioned a number of studies over the last 10 years or so to evaluate the optimal level of air services in the Highlands and Islands. In doing so, a key factor is a trade-off between small markets, capacity and frequency, versus cost and availability of suitable sized aircraft and their operating economics.

In Scotland, the importance of the regional airlines such as *Loganair*, *FlyBe*, *bmi regional* and *Eastern* in linking Scotland with other UK cities cannot be underestimated.

Policy should seek to protect such operations (where possible, and allowed by legislation) from the worst excesses of low-cost carrier competition, as happened recently with a case of competition between *FlyBe* and *easyJet* on the Inverness-London route. Three or four daily *FlyBe* services offering interline protection have been lost to more limited frequency but higher capacity low-cost carrier operations focussed on point-to-point markets only. This has probably been to the overall detriment of the business needs of Inverness and the Highlands and Islands, particularly because of the loss of the vital Heathrow links many years before.

The high frequency operations of regional airlines play a very important role in providing connectivity to the offshore oil and gas industry personnel transferring from offshore helicopter services.

High frequency integrated PSO-supported networks are successfully operated in Spain (in the Balearics and Canary Islands) and in the Azores by Portugal, and may be worth more detailed investigation.

A pragmatic vision for a progressive Scotland

Finally, any new policy developed to facilitate Scottish air services should recognise requirements for integrating air services into the total transport provision for Scotland. In particular, we should look at coordinating air service arrival and departure times with local public transport provision.

It is important to ensure that airport operating hours serve the needs of the market, including night mail operations, logistics services, and the supply chains of supermarkets and small business, such as fisherman and fish farms seeking improved access to markets.

Airport operation and ownership

At present, three of the major Scottish airports are owned by the private sector; BAA for Glasgow and Aberdeen and GIP for Edinburgh.

The commercially-run airports will do what their owners believe is best to achieve a return, whilst recognising that meeting the needs of airlines, their passengers and shippers will probably amount to achieving that goal. That should not stop policies being developed, working with the owners, to enable Government to optimise the contribution that a specific airport makes to its local economy and community and ensure maximum local, regional and international air service connectivity is achieved whilst minimising environmental impacts.

The airports concerned should also be persuaded to recognise the essential air service needs of the connections to remote Highland and Island communities and that means must be available to protect those links as the demands of other commercial traffic grows and slots become scarce. The extended use of PSO may need to be considered in such cases in the future.

In addition, the airports' local surface transport impact and needs should be reflected in broader transport policies.

All the other Scottish airports that offer facilities for commercial air services including Prestwick, the 11 HIAL airports and a number of

Island airports are owned directly or indirectly (via local authorities) by the Scottish Government.

This means that there is significant Scottish Government expenditure on airport/airfield provision. The majority of those airports/airfields have to meet rigorous CAA airfield licensing requirements regarding safety standards, fire service, ATC, airfield lighting, security, layout, navigation facilities, etc.

There may be significant opportunity to merge the overall ownership, management and operation of publicly owned Scottish Airports and Airfields under a single entity. Although that might result in some loss of local control by say Local Authorities, the potential for savings in management, maintenance, purchasing, manning, supply, training, etc may be significant, despite the very different nature of the airports concerned. It might be appropriate for a Public/Private Partnership company to be formed to own, manage and operate all the facilities and reduce the overall level of expenditure.

In parallel with that, efforts should be expended with the CAA to establish if a safety case can be established to reduce the airfield licence requirements for low throughput Scottish airports.

A number of commercial airports in the USA which accept scheduled services are operated on minimum manning levels with no ATC or fire cover, significantly reducing costs. Could the same be achieved for Scotland? Would it be acceptable? Does a nineteen or fifteen seat Twin Otter, or a nine seat Islander landing on a beach need two or more fire trucks in attendance? A fifty-one seat coach touring the Highlands is not followed by a fire engine, just in case.

Prestwick

Because it is the most recent addition to the Scottish Government airport portfolio, specific policies should be developed to ensure its continued viable operation and development.

A pragmatic vision for a progressive Scotland

These could include:

Heathrow Link

Support the reintroduction of a direct link from Prestwick to London Heathrow via Northolt guaranteed by the Public Service Obligation system. A PSO request would need to be lodged by local Enterprise or Development Agency to Department for Transport. Such a move would improve accessibility to the region and provide an opportunity for additional investment in business at the airport and in the locality not currently supported through access via Glasgow.

Night Mail Hub

Seek to move the Lowland Post Office night air mail sorting hub from Edinburgh to Prestwick. Global Infrastructure Partners, the owner of Edinburgh airport, may wish to further develop it. The current Post Office/Integrator night operation may constrain such development whilst generating unwelcome night noise. It would add to surface access time to destinations to the east of the lowlands but reduce to the west, and would probably have no overall difference to average delivery times. There would be no difference for air to air mail/package connections. There would be significantly less noise for less people if the operation were at Prestwick.

Integrator and air freight

The policy should be to increase integrator and air freight activity at Prestwick. Would establishing a Freeport or special customs area status with guaranteed speed of clearance help?

Policies could be developed to promote Prestwick as the UK's best and number one diversion base for all UK and long haul airlines. Prestwick could be developed as the UK's number one security incident airport.

Prestwick could be re-established as a centre for aviation pilot and engineer training in the UK (BAE in the past), creating an opportunity to train some of the 500,000 pilots and engineers needed to meet market expansion over the next 20-30 years. This may entail the need to reduce VAT on training, which is unique to the UK.

Taxation – Air Passenger Duty (APD)

It is recognised that the UK's non-membership of Schengen, high visa fees for non EEA visitors and the highest levels of APD in Europe, currently put the UK at a competitive disadvantage. Two of our EU neighbours – the Netherlands and Ireland – have either completely abolished or significantly reduced their APD.

There is also some evidence that the high levels of APD is one of the causes, along with limited capacity in London airports, of the approximately two million UK passenger journeys now routed via Amsterdam Schiphol to pick up long haul flights. More Scottish passengers are also travelling via Shannon and Dublin to the USA.

We should be willing to review our policy in this area to ensure that we are not losing further passenger traffic and, as a consequence, penalising local economies or jobs. High APD also hits airports such as Newcastle or Manchester in a similar way as Glasgow or Edinburgh, so it is important that any review of current levels looks at the sector across the UK.

Aviation support services – regional policy and aid

A review or study should be established to understand the policy options that would enable Scotland to become a centre of excellence for aviation training and increase its role in manufacturing and maintenance, repair and overhaul.

Scotland has well established maintenance facilities used by airlines such as *Ryanair* and *British Airways*. In addition, there is an engine overhaul facility at Prestwick.

Policies should be evaluated to determine if other aviation or aerospace development opportunities could capitalise on Scotland's established reputation in the field and see if such development could be supported by either UK or EU regional aid or development funds.

Aircraft availability, navigation aids and CAA regulatory policy

Aircraft

The unique geography of Scotland and its dispersed population mean that, more than any other part of the UK, it requires different types of air service support and as such a variety of different aircraft types.

For many years, the de Havilland Canada DHC 6 Twin Otter (300 series) has been the mainstay of operations by *Loganair* to serve the communities of Barra, Tiree and Campbeltown. It and the Islander are the only types capable of such operations with the required capacity and meeting regulatory requirements. But operating in such harsh environments, such as in salt spray conditions, dramatically increases maintenance cost and reduces aircraft lives. Similarly, the Britten Norman BN2 Islander has supported air services to remote and island communities throughout the Highlands and Islands for over 40 years. Both types have unique short field take off and landing characteristics and are of extremely rugged construction to deal with operations to remote areas and unpaved runways.

The Twin Otter went out of production by de Havilland Canada and its rights were picked up by Viking Aircraft, which is producing new Twin Otter (400 series) planes with up-rated engines, systems and avionics. Those new aircraft are now starting to be delivered. Two new Twin Otters have been ordered by the Scottish Government to support the PSO operations to Barra, currently operated by *Loganair*. They would be leased to the PSO operator of the Barra service.

The Scottish government should explore possible cooperation with other parts of the UK operating air services with Twin Otters. Ever since the Penzance-Scilly helicopter service was withdrawn, for example, the *Isles of Scilly Skybus* has been the sole provider of air links to St Mary's on the Isles of Scilly. They have the same problem as *Loganair* and the Scottish government with regard to services to Barra, as they are also using very old Twin Otter aircraft. Economies of scale may be possible with regard to the purchase, maintenance support

and operation of new Twin Otter (400 series) as the *Isles of Scilly Skybus* is likely to want to replace their old Twin Otters in the near future.

As yet, there is no alternative light twin engine option with 9 seats to replace the BN2 Islander. It remains the workhorse for some services. But like the Twin Otter, it is out of production and spares will become difficult and expensive to source and may render Islander operations uneconomic. The Islander uses piston engines which use AVGAS, a fuel that is already significantly more expensive than Jet A1/Kerosene, and will be increasingly difficult to obtain in the future.

It is interesting to note that the Scottish Government and HIAL have so far opted to continue with operations to the beach airport at Traigh Mhòr and not to develop an all-weather hard runway not limited by tide times or creating the associated aircraft maintenance problems to serve Barra. Adapting the road that runs north east – south west past the existing airport and terminal to serve as both runway and road may be a way of providing a cost effective hard surface runway at least cost and may warrant further consideration (Ref Map OS 31 705065).

An alternative option and approach should be considered; but achieving that that would require a change in CAA Policy.

There is a 9 to 13 seat turbine Cessna Caravan/Grand Caravan option available. This aircraft is in regular use on scheduled passenger services and meeting all certification requirements for operation in most of the world including the USA where it is built and certified by the Federal Aviation Authority. Its operation is accepted by about half of the regulators in Europe.

Its operations are not currently accepted in other than under Visual Flight Rules (VFR) in Visual Meteorological Conditions (VMC) by the UK CAA.

Loch Lomond Seaplanes operated the Cessna Caravan on floats between the River Clyde in Glasgow and Oban and Lochboisdale on regular charter services. It became a major tourist attraction in Scotland. But the CAA would not allow the aircraft to be flown in

A pragmatic vision for a progressive Scotland

Instrument Meteorological Conditions (IMC). That meant that when the weather closed in or cloud covered the hills, the services had to route via the coast taking twice as long. By contrast, Air Finistere in France flies them on commercial scheduled passenger services under PSO from Brest to Ushant.

The challenge is to persuade the UK CAA to accept use of the Cessna Caravan/Grand Caravan Turbo prop aircraft in IMC conditions, as happens in most of the world and Europe as well. The CAA already accepts helicopter operations with twin engines and single gearboxes and the Caravan accident record is much better than that of light piston engine twins. There is a significant opportunity for Scottish air service development and tourism if such a policy change could be introduced.

Navigation Aids

The use of Global Positioning System (GPS) aids for aircraft navigation has been widely established around the world for almost 20 years. The use of GPS is the norm in many remote areas of the USA and Canada by scheduled and charter services using similar aircraft to those used in Scotland by *Loganair*.

As an aircraft based navigation aid, it does not require expensive ground based installations such as ILS, yet its accuracy matches and exceeds such aids. There are many occasions in Scotland when weather prevents aircraft arriving at their destination and the airfield does not have ILS. Yet a GPS aircraft based system would enable the aircraft to approach and land safely.

At present, only 6 UK airports have GPS-approved approaches by the CAA. Others are planned but progress is slow. In Scotland, it is understood GPS approach procedures are being developed for Barra, Campbeltown and Benbecula with HIAL assistance.

There should be a concerted effort to encourage the CAA to change its policy on use of GPS based approaches for commercial operations and that priority should be given to approving such approach facilities for the more remote Scottish airfields first in association with HIAL.

As with any development involving operation of new or different aircraft types or systems, the overarching focus should always remain on securing safe, reliable operations.

Summary of Policy Recommendations

1. Air Service operation and development including Public Service Obligation
 - a. Aviation policies should support the guarantee of air services connectivity from the main Scottish Airports and restore lost links from Prestwick, Dundee and Inverness to London Heathrow. Whilst the Davies Commission is finalising its recommendations and until such new hub runway capacity is built, a policy should be developed to allow a minimum twice daily air service from Inverness, Prestwick and Dundee into Northolt secured though PSO protection.
 - b. Aviation policies should be developed to encourage new direct air services from Scottish airports through increased liaison with airlines and work with airports by the Scottish and UK Governments.
 - c. The potential of extending the role of Public Service Obligation support and Air Discount Scheme for Island residents should be evaluated to establish whether government funds are being spent optimally to secure the maximum the Scottish Domestic air service network.
 - d. In Scotland, the importance of the regional airlines services are significant due to the relatively small market sizes and need to offer high frequency services. Policy should seek to protect regional operations.
 - e. High frequency integrated PSO supported networks are successfully operated in Spain in the Balearics and Canary Islands, and in the Azores by Portugal and may be worth more detailed investigation.

A pragmatic vision for a progressive Scotland

- f. Any new policy developed to facilitate Scottish air services should recognise the requirement for integrating air services into the total transport provision for Scotland.

2. Airport operation and ownership

- a. Policies should be developed to enable Government to optimise the contribution that airports make to their local economy and community and ensure maximum regional and international air service connectivity is achieved whilst minimising environmental impact.
- b. Policy should ensure that essential air service needs of connections to remote Highland and Island communities are protected as other commercial traffic grows and slots become scarce. Use of PSO may need to be considered to secure this in future.
- c. Policy should be considered to merge the overall ownership and management of publically owned Scottish Airports under a single entity. The formation of a Public/Private Partnership company to own and manage all such facilities to reduce the overall level of expenditure should be considered.
- d. A policy case should be made to the CAA to establish if a safety case can be established to reduce airfield licence requirements for low throughput Scottish airports.
- e. Policies for reforming Prestwick's operation and development should include:
 - i. Re-establishing a direct link from Prestwick to London Heathrow via Northolt guaranteed by PSO.
 - ii. Moving the Night Mail Hub from Edinburgh to Prestwick.
 - iii. Increasing integrator and air freight activity at PIK.
 - iv. Promoting Prestwick as the UK primary diversion base and security incident airport.

- v. Re-establishing Prestwick as a centre for aviation pilot and engineer training in the UK.

3. Taxation – Air Passenger Duty

- a. UK policy on APD should be reviewed.

4. Aviation support services – regional policy and aid

- a. A review should be established to develop policy options to enable Scotland to become a centre of excellence for aviation training and increase its role in manufacturing, maintenance, repair and overhaul.
- b. Policies should be developed to determine what aviation/aerospace developments could capitalise on Scotland's reputation, and if such development could be supported by regional funds.

5. Aircraft availability, navigation aids and CAA regulatory policy

- a. Determine if there are policy options to reduce the overall operating and ownership cost for the Scottish Government of the new Twin Otter (400 series) aircraft.
- b. Challenge UK CAA to change its policy and accept use of Cessna Caravan/Grand Caravan Turbo prop aircraft in IMC conditions, as accepted in most of Europe and North America.
- c. There should be a concerted effort to encourage the CAA to change its policy on use of GPS based approaches for commercial operations and that priority should be given to approving such approach facilities for more remote Scottish airfields first in association with HIAL.

THE FUTURE OF SCOTTISH FILM

Rt. Hon. Tom Clarke MP

Scotland has a long and globally recognised tradition of world class film making, producing many famous actors and directors such as James McAvoy, Peter Capaldi, Ewan McGregor, Laura Fraser, Alexander Mackendrick, Lynne Ramsay, Bill Forsyth and Douglas MacKinnon. Critically acclaimed films including *Sunshine on Leith*, *Under the Skin*, *The Angels' Share* and *Filth* are just a few of Scotland's many outstanding productions. A successful film industry provides not only economic opportunities but also showcases Scotland's talent, vibrant culture and stunning landscapes, not least to potential tourists abroad. There are many passionate Scottish organisations and individuals who have long argued the merits of giving Scottish filmmaking the attention it deserves. I would particularly like to thank Independent Producers Scotland (IPS), Glasgow Film Theatre and Gillian Berrie of Sigma Films. The views expressed here are my own.

Learning from the US model

One of the biggest deficiencies of the UK filmmaking model is the weak connection between production and distribution. In contrast, the US film industry is highly integrated, ensuring that profits from distribution are channelled back into film production. This model is a far more stable and sustainable way for the industry to operate, and it is one outlined in the 1998 Film Policy Review Group report, *A Bigger Picture*, which I co-chaired. The US model of vertical integration ensures that film companies have the resources to embark on ambitious productions, and the increased financial stability means that failures can be more easily written off.

In the US, film companies are able to build up a stable of their own films, including extensive libraries of film rights. But this also acts as an unfortunate disincentive for them to consider distributing UK films.

Similarly, far lower marketing budgets on this side of the pond mean that our films often struggle to gain a wide audience internationally, bringing lower returns to the production companies as a result. This is a major reason why the US film industry dominates the UK market. Difficulty financing our films means that one box office failure can often result in the collapse of a whole production company.

Similar deficiencies also apply to Scotland. Much as we would wish to encourage vertical integration between production and distribution, lack of domestic distribution is the main barrier. Moreover, the reality of the digital age offers its own challenges and these issues must be addressed by the film companies themselves. However, Government investment must be the foundation of this industry. Competing on an international level requires cultivating film companies with strong foundations and financial resilience.

The Potential for Scottish Film Making

Scotland has the potential to create a strong and sustainable film industry. The enormous advantage of the English language should not be underestimated. We have seen how *The Lord of the Rings* helped bring New Zealand's natural beauty to the world, resulting in a huge tourism boost to the country. Scottish films are equally capable of showcasing our stunning landscapes, and the attractions of our vibrant cities to a worldwide audience.

There are currently huge opportunities for Scottish filmmaking. The film sector of the Republic of Ireland is valued at €500m, with a boost to tourism valued at €300m. The Scottish film industry is valued at a paltry £32 million according to recent evidence given by Gillian Berrie to the Education and Culture Committee of the Scottish Parliament. These figures and others starkly underline the challenges faced by Scottish filmmaking, but also the huge potential for it to grow. The key is the provision of sufficient investment and Government support.

A New Scottish Film Agency

Creative Scotland currently spends a mere £6 million per year on Scottish filmmaking, half of which comes from the National Lottery,

A pragmatic vision for a progressive Scotland

whilst the Republic of Ireland spends more than twice as much. The now defunct Scottish Screen consisted of 35 employees dedicated to supporting filmmaking. When it was replaced by Creative Scotland in 2010, it was found that only 5 individuals focused solely on film. We need an independent film agency with sufficient staff and resources to allow Scottish film to reflect the talent that exists within our country.

Such an agency, preferably headed by a senior and credible leader, should represent Scotland at international industry events, such as the prestigious Cannes and Toronto film festivals. This will help provide the profile which Scottish film needs. The enactment of such a major change should be seen as a matter of urgency by a Labour administration in the Scottish Parliament. Film production should not be treated as an afterthought but as a key expression of our culture. That it has been given such a low priority is a shameful reflection on attitudes to such a crucial creative industry. Whilst Scottish Enterprise has a track record of generating economic activity, investment in Scottish film should be the responsibility of a dedicated and well-resourced film agency.

A Scottish Film Studio and Showcasing Scottish talent to a Global Audience

It's certainly a point of temporary disappointment that, following a year's discussion with Scottish Enterprise and the Scottish Government, Pinewood Studios chose Wales rather than Scotland for a new and exciting £30 million fund for investment in television and film. We cannot complain that the enthusiasm and proactivity of our Welsh colleagues was more appealing in influencing the eventual decision. This clearly was not good enough and reflects the low priority that Scottish Film and Television making has been given by the Scottish Government.

A world-class film industry must have a world-class film studio, ideally located in the heart of one of Scotland's most vibrant and energetic cities: Pacific Quay in the City of Glasgow. This film studio will benefit from close proximity to BBC Scotland, Film City and Glasgow International Airport. It will leverage Glasgow and Scotland's artistic

traditions to become a stimulating hub for film production throughout Scotland. We must also support our world-renowned international film festivals as a means of encouraging Scottish filmmaking. Both the Edinburgh and Glasgow Film Festivals can be brilliant platforms for highlighting Scottish filmmaking talent. These events should be leveraged to not only promote Scottish filmmaking, but also as a means of attracting economic investment into this dynamic sector of our economy. A new Scottish Film Agency would be at the forefront of this effort, working closely with the organisers of these festivals to further support Scotland's filmmaking capacity.

National and European Partners

Common sense tells us that firm links between a new Scottish Film Agency, the British Film Institute and other national partners are essential to securing investment in the future of our film industry, and to exporting Scottish film throughout the world. This should be facilitated by having formal bi-annual meetings with all partners to forge strong working relationships. The new Scottish Film Agency would also work closely with organisations such as Independent Producers Scotland, and the other stakeholders which form the bedrock of Scottish filmmaking. Similarly, we should aim to strengthen our cultural relations with other European countries, and membership of Eurimages, the European Cinema Support Fund, should be a clear future aim for Scotland within the United Kingdom.

Financing for Success

The film industry needs strong, steady and consistent support. This is why there is a requirement to transfer responsibility for financing and encouraging investment in filmmaking to a new Scottish Film Agency. Those who know the industry best are better suited to delivering the investment and support that Scottish filmmaking requires. The National Lottery provides 50% of the film budget spent by Creative Scotland. Whilst this is a valuable contribution, it must be augmented by further funding from the Scottish Government, which ideally should be £11 million per year. Using the Republic of Ireland film sector as an example, with the existing National Lottery Funding and a further

A pragmatic vision for a progressive Scotland

budget of £11 million pounds annually in Scottish film, we can generate a thriving film industry worth over £400 million pounds. This is a feasible and a realistic target. Northern Ireland's film industry is currently worth over £500 million, showing the huge potential for Scottish film making.

Giving a new Scottish Film Agency a modest but improved budget will allow more substantial investment in Scottish film productions. We must consider financing methods to support Scottish filmmakers through the entire process of filmmaking, from pre-production to post-production. Plainly, it will be necessary to raise the maximum amount of financial support that productions can obtain from the Scottish Film Agency, from the current £300,000 to £900,000. It is envisaged that this funding system for individual Scottish films should be augmented, where possible, with investment from UK, European and private sources of finance. This will give Scottish film producers the best possible foundations to realise their creative visions and further cultivate Scotland's international reputation for filmmaking excellence.

Training and Mentoring

Effective training is an important foundation for future success. It is widely recognised that short films provide a platform for the next generation of filmmakers to gain valuable skills and experience. The Scottish Film Agency would encourage the making of short films through financial incentives and through mentoring, work experience and training programmes. Fostering collaboration between the newly created Scottish Film Agency, the British Film Institute, and colleges and training providers would help deliver the world-class training and experience that future Scottish filmmakers require. A good example of an institution providing this already is the National Film and Television School in London. We should seek to introduce a comparable curriculum into the training of aspiring Scottish filmmakers. The admirable commitment of the Edinburgh College of Art is also helping to generate new talent through its mentoring programmes, which place trainee filmmakers with experienced professionals so that they

can learn practical skills and receive expert advice. Given the potential economic benefits of a growing Scottish film industry, it is vital that we create a feasible long-term strategy for training Scottish filmmaking talent.

Conclusion

Patently, the Scottish film industry has been underfunded and under resourced in recent times. It has the potential to become an industry worth many hundreds of millions of pounds if we provide it with the support and attention it requires. For a modest investment, we will see a large return. We will create the foundation for a sustainable and a profitable film industry, generating employment, creating new businesses and increasing the international profile of Scotland. It will become a focus not only for our vibrant culture but also for our beautiful natural environment.

Creative Scotland recently published its report, *Review of the Film Sector in Scotland*, which underlines many of the key points which I have been seeking to raise. They also put welcome emphasis on support and investment being the key to realising true potential of Scottish film. Nevertheless, this can only be achieved with Government providing the financial foundation for the film industry through a reasonable increase of funding. We have established that without including National Lottery support, which accounts for more than half of the funding that Scottish filmmaking receives from Creative Scotland, public expenditure for film amounts to less than £3 million. Conversely, more was spent in 2011-2012 on Scottish Ballet (£4.57 million), Scottish Opera (£8.37 million), the National Theatre of Scotland (£4.37 million) and the Royal Scottish National Orchestra (£4.14 million). Whilst these are important aspects of Scottish culture, it must be noted that only the Scottish Chamber Orchestra receives less than Scottish filmmaking, with £2.08 million in 2011-2012. Scottish filmmaking must attain a higher priority within Creative Scotland and this essay shows the realisable potential of the industry if it is given support and positive encouragement. As a response to A Bigger Picture, it was successfully argued that filmmaking should be

A pragmatic vision for a progressive Scotland

given tax incentives to stimulate growth. Gordon Brown, the then Chancellor of the Exchequer, reacted positively to this and this process must go on.

In addition to maintaining tax incentives and embracing national lottery funding, there must be much greater clarity about Scottish filmmaking's future. Implementing the strategy I have outlined is crucial. The potential is here. Flourishing talent is self-evident, and the prospect of a prospering, dynamic and growing film presence in Scotland is realistic and achievable. For too long Scotland has been punching well below its weight in filmmaking. These proposals will give Scottish film production a lasting priority. The argument for greater resources is relevant and real. Providing support, investment and encouragement to our film sector will create a much promised – but this time, lasting – renaissance of a truly great aspect of Scottish society.

BACK TO BRICKS AND MORTAR

Sheila Gilmore MP

Across the political spectrum, all political parties are now talking about the need for more affordable housing, even if there is not unanimity on what is meant by the term 'affordable housing'. The debate has moved on considerably from the time when the Thatcher Government saw public housing as having an increasingly residual function. Nor is this merely an outcome of a period of recession, as prior to this, high house prices were leading to a reversal in home ownership. However, translating the acceptance of the need into effective action is more problematic.

At the same time, rising spending on 'welfare' has become a key political football. Housing benefit is now 11.3% of total DWP spending, around 20% of the 'non pensioner' element of spending, and the only part earmarked for reductions by the Government. Housing benefit spending in 2012/13 was £23.9bn compared to £5.1bn for unemployment benefit. It is therefore unsurprising that it has become a target for ministers looking for something to cut back.

In 1980, £16 of every £20 spent by the Government on housing went towards building homes, and £4 went to helping people afford rents. In 2014, only £1 of every £20 goes on building homes and £19 goes on housing benefit. We need to move the balance back for two main reasons:

1) Long term homes at affordable rents are badly needed.

The shortage of affordable rents during the last few years has led to people on low incomes having to move into the private rented sector, which they can only afford (whether working or not) by also claiming housing benefit. So government spending on the benefit side of housing has been inexorably rising year-on-year. The Coalition has made much of this 'doubling' in housing benefit spend in the last 10

A pragmatic vision for a progressive Scotland

years. They are right to point this out, and only some of it can be explained away by the recession. However, despite the various attempts being made to reduce housing benefit spending by the Coalition, it is predicted to go on rising. This is largely because it is expected that growing numbers of people in employment will need assistance to live in the private rented sector.

2) High private sector rents can reduce the benefits of being in employment.

In high rent areas, such as Edinburgh and Aberdeen, employment is a problem for affordable housing. Just because the government justifies so many of its cuts to benefits on the ground that they are trying to make work pay, this doesn't mean that there are not aspects of the system which have unintended consequences.

The issue is widely recognised and debated but little progress has been made towards a solution. How do we move from understanding the problem to doing something practical to tackle it? Investing in building new homes is an essential starting point, but how do we ensure that if we do that we definitely start to bring down the housing benefit bill?

Tinkering Around the Edges

The Coalition's attempts to reduce the total spend on housing benefit is, at best, tinkering around the edges, and their own predictions are for ongoing annual increases in overall spend.

The government claimed that reducing the housing benefit payments in the private rented sector would lead to landlords reducing rents, but in most places there is no sign of reduction, and there are increases in the highest demand areas. Ministers have recently had to acknowledge this by allowing a 4% increase in the payments in some areas instead of the 1% increase in force in other places. There is some evidence that landlords are less willing to take in housing benefit claimants, which is likely to lead to more people being housed in temporary accommodation (which is significantly more costly in housing benefit). Where the government is achieving a saving, the 'cost' is being

transferred to individual tenants who are self funding the gap between the housing benefit rate and the actual rent.

Tinkering is at its worst in the Bedroom Tax, which manages to combine casual callousness and crass ineffectiveness as a savings mechanism. So iconic has this tax become that it is frequently being used as a major argument for independence in Scotland.

Scotland does not need to be independent to get rid of the Bedroom Tax. Labour has committed to abolition. However, the fact that this is offered up as a reason to vote for separation illustrates the lack of ambition and depth in the debate in Scotland. Abolishing the tax only restores the position to where it was, and does nothing to address the issues of lack of housing supply and the growth of housing benefit spending.

Investment & Housing Benefit Reduction

Substantial initial investment in new affordable homes is necessary to start moving the log jam. This needs to come largely from government.

The key lies in tackling these problems at the level of local authorities. The nature and scale of the housing supply problem varies across the country. Each authority will know where its major priorities lie. This is as true in Scotland as elsewhere in the UK.

There are two possible models:

1) To devolve the 'housing spend'

This would see grants for house building, plus the amount spent on housing benefit, devolved to each local authority to decide how to spend the money across its various priorities. To add to these sums, the local authority should also have the power to borrow to invest.

2) Investment tied into housing benefit reduction

Agreements with local authorities would provide additional investment for 'bricks and mortar' to facilitate a real start to the house building process. Further investments would then be tied into progress towards the housing benefit reduction target.

A pragmatic vision for a progressive Scotland

At least initially, the second may be preferable and provide greater financial control to the centre (which, after all, is providing the investment). It also avoids the potential additional difficulties posed by the advent of Universal Credit, assuming that ever arrives. It would be entirely up to the local authority to decide how to achieve the reduction in housing benefit payments, and would allow local needs to be taken into account. The 'agreement' can be written in a way that allows for factors such as an increase in local unemployment, which could disrupt even the best laid plans.

Edinburgh: How could this work?

In practical terms, what might this mean? If we take Edinburgh as an example, it has always had a lower proportion of 'public' housing than other parts of Scotland. Census 2011 figures show that 22% of all households live in the private rented sector, which is more than council and housing association properties taken together (at 17%). While there is a large student and 'young people' market in Edinburgh, the private rented sector has penetrated well outside its city centre and Leith core, and this is visually evident from the 'To Let' signs in former 'council' estates. Many low income families are living in exactly the same kind of property they might hope to get as a home owner, but at a much higher rent.

In September 2013, the city's housing register had 2100 households (70% single or childless couples) holding 'silver' priority (the second highest category) because they were homeless. Most weeks, there are between 50 and 90 properties available for let of all sizes across the council and all housing associations in the city. The gap between the number of 'homeless priority' applicants and the available homes has been a problem for several years, and it is continuing to widen. Although Edinburgh, like other councils, has managed to reduce the number of people being accepted as homeless (in part by diverting people into the private rented sector, which has other consequences), the combination of fewer available homes to let in the council and housing association sector and all those accepted as homeless now

being 'priority need', means there is a growing mismatch between supply and demand.

In 2005, Private Sector Leasing (PSL) was adopted. The council leases properties from private landlords for periods of between 3 and 5 years. The landlord receives a rent set at 10% below Local Housing Allowance level (the maximum paid for those on housing benefit), but gets a guarantee of 52 weeks a year rental and all management taken off their hands (so no fee to a letting agent). There has been no shortage of landlords coming forward for this; they clearly feel it is a good deal for them.

The total charge to the tenant is this rental plus a management fee paid to Link housing association, which manages the properties for the council, plus a service charge to the council. A typical 'rent package' is some £250 per month higher than a private let at the local housing allowance maximum. Unsurprisingly, 97% of PSL tenants are on housing benefit. Under current housing benefit rules, all parts of the rent package are covered.

The council gets people out of its own temporary accommodation and out of bed & breakfasts, and reduces pressure on demand for permanent tenancies – all at no cost to the council. So a win/win then? Happy landlords, happy council and mainly happy tenants, as they get something better than alternative temporary options without having to fund a deposit. So where is the snag?

There is a cost to the taxpayer, because schemes like this raise the housing benefit bill. There is a cost for the tenant when they want to move on. A tenant can ask to move on, and they get renewed homeless priority, but only dating from the time they ask for this to happen, so prospects of a permanent let remain poor. If they remain in the PSL tenancy, they may face a substantial rent bill, even with continuing eligibility for some housing benefit. A single person earning £15,000 after tax and national insurance would face paying around £598 per month in rent while still entitled to housing benefit of £215 per month.

A pragmatic vision for a progressive Scotland

Currently there are 1680 such properties. If these people were in a council rental, their monthly rent would be £371.88 for a two bedroom property, compared to £614.30 per month (the maximum local housing allowance for the same size). The housing benefit bill per property is £250 per month higher than a mainstream private let. This adds up to an additional spend of £9m per year.

So, in return for receiving additional capital investment for acquiring new affordable homes, Edinburgh could set itself a target of reducing its use of PSL properties by an agreed number per year. If everyone moved into a low rent council or housing association home, this would eventually save around £9m per year, to be retained by the local authority for further investment in additional homes. Savings could be greater if people were then enabled to move off housing benefit with improved work incentives.

To achieve the shift, PSL tenants would have to be given priority for the new homes built. This is where we need to challenge the received wisdom on housing allocations, which currently prioritises those in a crisis. At present, people newly homeless have higher priority than people who may have spent 3, 4 or more years in a PSL property. But virtually all of those in PSL tenancies were in a homeless crisis when offered this option, and their need for a permanent low rent housing option has not gone away.

This is only one example of where a clear agreement and plan could assist towards the goal of rebalancing our housing spend. Other housing needs should be satisfied at the same time.

Even with the PSL scheme in Edinburgh, the number of people living in temporary accommodation is also growing, from those in bed & breakfasts or flats taken out of normal council stock for use as temporary accommodation. In June 2013, Edinburgh had 849 households in such accommodation, up from 595 in 2007. Costs of temporary accommodation are considerably higher than permanent tenancies, and 98% of those living there are on housing benefit. Numbers are increasing because stays are lengthening. At the end of last year, the council entered into a new contract with private sector

landlords to secure another 100 flats for use as short-term temporary housing.

Councils have increasingly sought to address the problem by encouraging people into the private rented sector, either before they present as homeless, or after they have presented but come to realise that the wait for a council or housing association tenancy is going to be very long indeed. Furthermore, the Coalition's approach to trying to reduce housing benefit spend may be reducing the willingness of some private landlords to accept people on housing benefit. Whilst this may appear to reduce spending, it may in fact translate to higher spending if people stay longer in temporary lets.

A clear 'plan' for Edinburgh would have to address a reduction of this increasing use of temporary accommodation, and the initial investment commitment has to be sufficient to do this.

Building New & Purchasing Existing Stock

Building is not quick, once land acquisition, planning permission and construction is taken into account. To speed up the process, Edinburgh could use some of the additional investment to buy properties to accelerate the necessary 'move on' from temporary accommodation and PSL. A price ceiling of the land plus build cost can be set, with an allowance for upgrading where needed. Even in Edinburgh, there are properties available at such prices. Many will be ex-council properties in areas where, all too often, these properties are going into the private rented sector when sold on, with rents sometimes doubling in price. Such purchases could be targeted around sizes in greatest shortage and to help specific groups, including sellers as well as prospective tenants.

One such group of sellers could be older homeowners wanting to move on to sheltered or residential accommodation. They would be able to achieve a quick sale if they wished (obviously with no compulsion). A constituent recently asked if this could be done, as she knew her father's house had to be sold to meet residential care fees. She would have been more than happy for a quick sale, and thought

A pragmatic vision for a progressive Scotland

the council might be pleased to get its fees paid more quickly too. But the council turned the proposal down.

Buying on the market doesn't bring the additional economic gain of creating construction jobs, but it can tick other boxes. It increases council ownership in blocks of flats, facilitating repairs and improvements, and it improves the surrounding environment, which is often neglected by absentee landlords. And by giving a quicker boost to the increase in available properties, it would allow the process of saving on housing benefit to bear fruit more quickly.

Both building and purchasing programmes need to 'go with the grain' of the local area, possibly best looked at in geographical areas smaller than a 'whole council' area, and they need to be imaginative. In Edinburgh, three or four bedroom homes are in very short supply. There are around 900 households with priority for a move because they are severely overcrowded. But there may be older tenants wanting to move to smaller, more accessible properties, provided they can stay in the area they know and where they have their social networks. In some instances it might make more sense to build or buy suitable homes for them, rather than automatically assuming that building more large homes is the only route.

Allocation of the new 'retirement suitable' properties would have to prioritise the people transferring, because they will be releasing a property back into the letting pool. Many of the overcrowded families will also be council or housing association tenants who, in turn, if prioritised for the vacated larger home, also release a property which may be let to one of the many homeless applicants waiting in temporary accommodation. We should bear in mind that 70% of homeless applicants are single or childless couples, for whom the smaller property will be suitable. This 'chain' creates three 'happy' tenants, whereas the narrow 'need based' allocation policies in place in recent years, which have largely become 'homeless only' policies, may result in at least two, perhaps all three, of these tenants making no progress towards having their needs met. Some landlords already operate in this way, but this should become more widespread.

Different parts of Scotland will have different needs and priorities. They need the freedom to develop their own housing plans with local control of how the funding should be applied. The Scottish Parliament already has the ability to take forward such detailed but transformative policies. The only element which needs UK Government action is the devolution, actual or 'virtual', of the housing benefit budget to local authorities (or, where preferred, regional groupings of local authorities) but that is something we can be pressing all political parties to sign up to.

Behind all the rhetoric of the Scottish Government, there is a housing crisis in Scotland. It is one thing to boast of having a system within which anyone accepted to be homeless must be made a housing offer, but with such a shortage of housing, this is often a 'right' with little substance.

Investment in affordable housing has been falling in Scotland. The number of new starter homes at 'social rent' levels fell from 6689 in 2010/11 to 2650 in 2011/12. It is welcome that this number has begun to move upwards in 2012/13, but at 3726 it is still well short of what is needed. In Edinburgh, these starter homes have continued to fall from 603 in 2009/10 to 427 in 10/11, 417 in 11/12 and only 276 in 2012/13. Although there are additionally, especially in the last two years, new homes being built for the higher 'mid market rent', as well as a range of help for low income home buyers, these are not a substitute for social rent. The Scottish Government has chosen policies which make it more difficult to increase investment. No proposal is being put to the electorate of using the existing power to vary income tax to invest in new homes. Councils are hamstrung by the ongoing, underfunded, council tax freeze, which is also regressive in its impact. Giving councils real power would allow them to go to their citizens with proposals to increase council tax to help build more homes. This is the type of political conversation we need to be having.

THE GREEN ECONOMY – AN OPPORTUNITY FOR SCOTLAND

Mark Lazarowicz MP

The financial crisis has clearly illustrated the need to rebalance the Scottish and UK economies towards manufacturing and export-focussed industries that create skilled, secure jobs, reducing our dependence on house prices and excessive consumer debt to fuel economic recovery.

A key part of rebalancing the Scottish economy should be to place the green economy at the heart of our economic strategy – promoting sustainable economic development which does not harm the environment and which pursues social objectives, such as reducing social inequality.

To take one example, fuel poverty is one of the most damaging forms of social inequality we face. Energy to heat your home or cook meals should not be a luxury, and sustainable solutions such as combined heat and power schemes can actually often be the most practical solutions.

We can be ambitious for Scotland because our country has real advantages when it comes to ‘greening’ the economy, as well as challenges to be overcome. For instance, Scotland has a quarter of Europe’s offshore wind and tidal resources and 10% of its wave resources. If Carbon Capture and Storage (CSS) gets off the ground in the UK, Scotland also has the largest offshore storage capacity for carbon emissions.

As a result, Scotland has already developed expertise in green technology – I know several innovative wave and tidal energy businesses in my own constituency. In addition, the major European wind energy company, Gamesa, has announced plans to site a new

THE GREEN ECONOMY – AN OPPORTUNITY FOR SCOTLAND

wind turbine factory in the Port of Leith, although these have become subject to some delay. Companies based in Scotland specialising in the oil and gas sector like the Wood Group in Aberdeen are also diversifying into renewable energy.

In the nineteenth and much of the twentieth-century, Scotland was a workshop for the world, with its shipwrights, boilermakers and engineers building ships, railways and bridges for the rest of Europe, North and South America, Asia and Australasia. It wasn't a period that is usually associated with sustainable development but we can build on the strength of Scotland's skilled workforce to be successful in green industry today.

The potential for the creation of skilled jobs doesn't lie simply in manufacturing but also renovation. The energy efficiency sector could and should be an important source of skilled employment if we are to meet the targets of reducing carbon emissions by 42% by 2020 and 80% by 2050, as well as tackling fuel poverty successfully.

Rebalancing the economy shouldn't mean turning our back on Scotland's traditional strength in financial services. Edinburgh is the fourth largest financial centre in Europe in terms of equity assets and innovative low carbon projects need finance. It's also the location of the Green Investment Bank, for which I and other Labour colleagues campaigned strongly.

The Green Investment Bank is a good example of how cooperation between Scotland and the rest of the UK benefits our economies as a whole. It can draw upon financial sector expertise in Edinburgh, which has also developed close links with the green industrial sector, as well as the associated research centres based in our universities close by. At the same time, its second location in London gives it access to the wide finance and investment networks of the City of London.

This is bearing fruit; the range of investments that the Green Investment Bank has made so far shows a genuinely UK-wide spread. The investments are in the green economy, but all put the bank at the centre of industry and society. A recent loan to Glasgow City Council

A pragmatic vision for a progressive Scotland

to switch to low energy street lighting, for example, will increase energy efficiency and cut carbon emissions but also create jobs and save the council money.

How is Scotland exploiting its advantages in developing a green economy? Actually, it's hard to tell because the Scottish Government, like the UK Government doesn't set indicators and targets by which progress can be measured.

Statistical markers are much more readily available when it comes to energy supply. The Scottish renewables industry has benefited from being part of the UK through access to the wider UK market, with onshore wind and hydro power currently the leading sectors. Scotland continues to produce more energy than it uses, with more than 26% of electricity generated here last year being exported, according to figures from the Department of Energy and Climate Change.

The support that Scotland's renewables industry has received through the UK Government's system of subsidy, the Renewables Obligation (RO), introduced in 2005, has been important in that. More than a third of support for renewables in the UK from the UK Government goes to Scotland, but the cost is born by consumers throughout the UK so that Scotland effectively meets a tenth of that based on population share.

Without that support, any government of an independent Scotland would have to make a decision about the level at which to continue to support renewables. If it continued to support the development of renewable energy at a high level, that could mean that either the energy bills would rise here or that Scottish taxpayers would have to meet the cost of subsidies through taxation.

It could of course decide to cut subsidies but I would argue that this would be a mistake for a range of reasons. It would, for instance, make it more difficult for us to meet the targets for reducing emissions and decarbonising our electricity use that the Scottish Government has itself set.

THE GREEN ECONOMY – AN OPPORTUNITY FOR SCOTLAND

The Scottish Government has set a target that 100% of the electricity we use will come from renewable sources by 2020. Progress has been made, but to achieve that there seems to be general agreement that offshore wind capacity will need to be significantly increased.

There is the potential to attract billions of pounds of investment in the offshore wind industry around Scotland's coastline (Scotland has 40% of the UK's total offshore wind potential), but it is a real concern that investment by developers in Scottish offshore wind fell by 55% in 2013.

Governments, both north and south of the border, appear to bear some responsibility here. Delays in granting initial planning consent for projects appear to be causing frustration and preventing investment in the next stage of projects going ahead. Uncertainty over the UK Government's Electricity Market Reform has also been an important factor in explaining the fall in investment.

There was a delay in finalising the level of support that investors would receive under so-called Final Investment Decision (FID)-enabling contracts, which were to fill the gap between end of the Renewables Obligation and the new Contracts for Difference (CfDs), the new system that is to replace it. The FID-enabling contracts are now only likely to precede CfDs by a matter of months.

These delays have been mirrored in well-publicised divisions within the UK Cabinet on future energy strategy, and the degree to which the UK will follow a low carbon strategy. By contrast, Ed Miliband has said that a future Labour Government would commit itself to decarbonising the UK's electricity supply by 2030, which is a move in step not just with NGOs working in the field but also the industry itself.

Investors want the government to set a framework for energy policy so they can make decisions now for the next 10 to 20 years; predictability matters at least as much as the target they will have to meet.

A commitment by a future UK Government to a firm target for decarbonising the UK's electricity supply would mean a much greater market for Scottish renewables if we can overcome the fall in

A pragmatic vision for a progressive Scotland

investment in offshore wind last year and continue to make progress towards the target for generating all of our own electricity from renewable sources by 2020.

Scotland started early on the road to decarbonising its electricity supply, although it wouldn't have been put in those terms in 1943 when Tom Johnston, the Labour Secretary of State for Scotland during the Second World War, created the North of Scotland Hydro Board.

Its aim was to harness 'power frae the Glens' to provide electricity for domestic homes, farms and small-scale industry at a time when rural areas of Scotland outwith the central belt often had no access to it. In 1943, when the Act creating the Hydro Board was passed, only one farm in six and one croft in a hundred had access to electricity. By 1959, when Johnston retired as Chairman, it is estimated that around 90% of households were connected to electricity mains supply.

Figures like Joseph Stiglitz, the former chief economist of the World Bank, argue that tangible improvements of exactly that kind in people's quality of life should be given greater prominence in government statistics, rather than focusing too narrowly on GDP. Measures of the green economy should surely include the state of the environment, equality and well-being.

One line of argument on the green economy is that growth is not necessarily a good thing if it harms the environment. In reality, however, greening our economy can be done in a way which is sustainable and makes sound business sense. Higher environmental standards are being adopted, not just in Scotland and the UK but throughout the world, and regulation can actually boost business where products have to be adapted or invented to meet new standards.

If, as seems likely, there will be increasing demand for green technology, products and services, the Scottish and UK Governments should be taking action now to ensure that we are at a competitive advantage rather than following on behind.

THE GREEN ECONOMY – AN OPPORTUNITY FOR SCOTLAND

In 2009/10, Scotland already exported £845m worth of low carbon technology, principally to China, Spain, Malaysia, India and Romania. It was interesting that amongst a number of business partnerships announced between Scottish and Chinese companies in November 2013, there was a deal involving an industrial boiler plant maker in Dumfries and Galloway which will be working to make industrial systems across China more environmentally friendly.

That again shows how the green economy can grow out of Scotland's traditional strength in industrial engineering. With the Chinese Government aiming for 15% of China's energy to come from renewables by 2020, there are clearly major opportunities for Scottish companies there, and similar opportunities will exist in other rapidly growing economies.

It's worth stressing that there is a long supply chain for green projects. The potential exists to create jobs not just in directly manufacturing large scale products such as wind turbines, but also the software and parts and, beyond that, in providing technical expertise on the design and development of projects. This is where the small and medium size businesses of Germany's Mittelstand have been so successful. Companies in China, for instance, have come to dominate the production of panels for solar photovoltaic cells, but the cells themselves may be made in Germany or in Scotland.

There is support for companies in the green economy in Scottish Enterprise's Renewable Energy Investment Fund, which is aimed at the marine renewable energy sector and community renewable projects like community district heating. I also know the effort that Scottish Enterprise puts into supporting Scottish exporters.

The Scottish Government has announced the creation of two Renewable Energy Enterprise Areas, one in the East covering the Port of Dundee and the Port of Leith, and one for the North focusing on Orkney, the Western Isles and the Highlands. That's a positive development but that is only two out of 14 enterprise areas.

A pragmatic vision for a progressive Scotland

These initiatives are welcome, but the green economy shouldn't be separate from enterprise initiatives. It should be an integral part of them. This could mean, for instance, locating enterprise areas on brownfield sites to start with, adhering to high standards for energy efficiency when it comes to the buildings and, as is the case in Birmingham, becoming part of a community heating project with the local neighbourhood.

We need to make rapid progress in increasing the energy efficiency of our buildings and especially our older housing stock. Where owner-occupied property is concerned, the failings of the Green Deal have been well publicised. Nevertheless, its aim, to revolutionise the energy efficiency of housing, is as relevant as ever if we are to meet our targets for cutting carbon emissions.

Energy efficiency has a vital role to play in tackling fuel poverty. In the long-term, it will help to make households less vulnerable to energy price rises or falls in household income.

Under the Housing (Scotland) Act 2001, the Scottish Government has a statutory duty to eradicate fuel poverty by 2016. Despite some progress over recent years, the latest figures show that 27% of households in Scotland are still living in fuel poverty.

The Scottish Housing Quality Standard (SHQS) requires a National Home Energy Rating (NHER) of 5 or a Standard Assessment Procedure (SAP) rating of 50. The Scottish Government expects all social housing landlords to meet that by April 2015.

In practice, that means that properties with a loft should have at least 250mm of insulation and that all cavity walls should be filled. Energy Action Scotland (EAS) believes the bar should be set higher, at NHER 7, if we are really to prevent households from being in fuel poverty.

The energy efficiency standard within SHQS will be succeeded by the Energy Efficiency Standard for Social Housing, but the level at which that will be set has yet to be decided.

THE GREEN ECONOMY – AN OPPORTUNITY FOR SCOTLAND

There is recognition by campaigners that rural housing that is off the gas grid, or solid wall properties such as sandstone buildings in parts of my constituency, may require a different approach to loft or cavity wall insulation to ensure they are energy efficient.

According to the Scottish House Condition Survey 2012, 47% of social housing reaches the standard for energy efficiency set by the SHQS, and 85-90% of social housing may do so by the target date of April 2015, so there is cause for optimism.

The picture is much less rosy where private rented housing is concerned. The UK Government's Energy Act 2013 provided for a legal minimum energy efficiency standard for homes rented from a landlord in England and Wales from 2018. Under the Act, councils and tenants will also have the right to demand energy efficiency measures from landlords from 2016.

The Act gives the Scottish Government power to follow suit but it has said that it won't use those powers before 2015. In the meantime, it has set up a working group to consider the issues involved. I would argue that the standard set needs to be rigorous and in line with a more ambitious target for social housing.

What are the means available to tackle fuel poverty in Scotland? In 2013, the Scottish Government introduced the Home Energy Efficiency Programmes for Scotland (HEEPS) to replace its Energy Assistance Package, Universal Home Insulation Scheme and Boiler Scrappage Schemes. They are principally funded through the UK Energy Company Obligation (ECO), the main UK Government support for low-income households to make their homes more energy efficient.

There is a large question mark over whether the level of funding from the Scottish Government for its own schemes is sufficient for them to make real inroads into fuel poverty. Since ECO is UK-wide and funding is not ring-fenced on a geographical basis, reliance on funding from it may mean that the level of funding that it provides for the Scottish Government's schemes may fluctuate.

A pragmatic vision for a progressive Scotland

I am concerned by the government's proposal for changes to ECO. After a slow start, it appeared that take-up of the scheme was significantly increasing, before the announcement of changes led energy companies to reduce their involvement in the scheme. It was reported recently that over 50,000 homes that were waiting to have insulation installed through ECO may now miss out as a result of the changes.

Support for ECO must be maintained, however it is paid for, if we are really going to increase the energy efficiency of those homes that are hardest to heat, and if we are to cut fuel poverty significantly.

Nevertheless, there were already some limitations to ECO. It is based on the carbon emissions that will be saved by energy efficiency measures. In that sense, its primary aim is environmental rather than social. Loft or cavity wall insulation may not be a cost effective solution for the homes that are hardest to heat, like solid wall properties or homes off the gas grid. Approximately one quarter of Scottish homes use sources other than gas for heating.

The UK's gas storage capacity is 17-19 days compared to 90 in Germany. Political instability in areas of the world through which gas pipelines pass or the ability of suppliers in other countries to outbid UK companies potentially leave our energy security at risk. At the very least, it means that we are more vulnerable to price fluctuations.

District heating schemes also need to be promoted alongside better insulation. One good example is the Aberdeen Heat and Power Company, a not for profit company that is providing affordable (and sustainable) heating for tenants in high rise blocks that were badly affected by condensation and damp.

Dynamic switching is another measure which is very relevant to rural homes off the gas grid. Constraint payments by National Grid have been the subject of criticism and damaged public support for wind energy.

Rather than paying generating companies not to produce electricity, it might be better if it could be supplied to local heating systems at times

of low demand. After all, the parts of Scotland where households are least likely to be connected to the gas grid are the Highlands & Islands and the North East, but these are areas where the offshore wind industry is strong.

As well as the urgency of tackling the energy efficiency of our older housing, there is a desperate need to build more affordable housing, and I believe that we should set ambitious standards for energy efficiency for new buildings of all kinds so that government provides a strong lead.

The last Labour government set a target in 2006 for all new homes in England and Wales to be zero-carbon from 2016. Achieving this would require rapid progress in decarbonising electricity supply, but also much greater energy efficiency in new homes. The UK Coalition has been more hesitant in its approach and has relaxed that target in certain respects in order to stimulate growth in the house building industry.

The Scottish Government has also moved slowly, and in September 2013 announced a further delay in the deadline for implementing lower levels of carbon emissions for new buildings (21% compared to current levels for new homes and 43% lower for new non-domestic buildings).

Again, it's a pity that both the UK and Scottish administrations often seem to see energy efficiency standards as a barrier to business growth rather than as an opportunity. This is an area where older workers could be retrained and more apprenticeships created specifically in this field.

The Scottish Government is responsible for apprenticeships and I would like to see it working more actively with local authorities, schools, employers in the green economy and in the voluntary sector to create 'green' apprenticeships that target, for example, work that needs to be done in improving the environment of local communities.

A review of Scottish public procurement in construction published in October 2013 suggested that the public sector and industry might

A pragmatic vision for a progressive Scotland

work together to develop a shared apprenticeship model in the sustainability and emerging technologies sector and I hope that will be taken forward.

Recycling is a green industry where there is potential for creating many new apprenticeships through public procurement contracts. From 1st January this year, businesses in Scotland have been required to sort paper, plastic, metal, card and food for recycling, and most food businesses have to separate out food waste with the aim that it is turned into energy.

A ban has also been introduced to prevent metal, plastic, glass, paper, card and food collected separately for recycling from going to landfill. The Scottish Government has set a 70% recycling for 2025 with only 5% going to landfill.

Zero Waste Scotland has estimated that the new regulations could create 3,000 to 5,000 jobs whilst diverting the 2.1 million tonnes of food waste in Scotland and other biodegradable material from landfill could generate enough energy to meet the needs of a city the size of Inverness, and also meet 10% of Scotland's fertilizer needs through anaerobic digestion.

It's clear that here the Scottish Government does see the economic potential of recycling. Much more could be done. We need to see measures at Scottish, UK, and European level to discourage food waste and excessive packaging in the first place.

Here again, the Green Investment Bank has shown real imagination. In December last year it announced a new investment in a £250 million centre to be built in Teesside to generate energy from waste on Merseyside. The 42,000 tonnes it will handle would otherwise go to landfill. Two new rail interchanges will be needed – nicely illustrating how the green economy is part of the wider one.

Other recent investments include a similar project in South Gloucestershire to handle waste from London boroughs, a renewable energy boiler for a whisky distillery just south of Inverness and renewable energy plants in Derry and Port Talbot.

THE GREEN ECONOMY – AN OPPORTUNITY FOR SCOTLAND

That's an impressive geographical spread, and it again points to the advantage of locating the Green Investment Bank headquarters in Edinburgh. Indeed, the Scottish financial sector's role in the green economy was a key reason for the decision to locate the bank there. The Scottish private equity industry has a strong 'business angel' sector providing finance and mentoring to start-ups, whilst the larger pension funds are important for large-scale long-term investment. The green economy is an area where financial services can and do work as part of the wider economy.

Another advantage Edinburgh could offer was the existence of a cluster of higher education institutions – four in Edinburgh's case – which are closely linked to the green technology industry and to each other in joint research projects. Green start-ups have often begun life in one of our universities, as in the case of Artemis Intelligent Power.

Strathclyde University's new Technology and Innovation Centre is due to move into its impressive new home this year and, the Spanish renewables corporation, Gamesa, chose Strathclyde Business Park as the base for its technology centre in Scotland in 2011.

The green economy is not a niche industry. It is vital to addressing issues like geographical and social equality, in preventing waste and in tackling climate change. As I have argued, it also lets helps the financial sector to rediscover its role as part of a wider society. The green economy has the opportunity to provide secure and well-paid jobs for today's workers and future generations. Scotland must grasp this fantastic opportunity.

THE PRIVATE RENTED SECTOR – GROWING AND HERE TO STAY

A PROGRESSIVE RESPONSE

Ann McKechin MP

The Private Rented Sector has had a mixed history in Scotland: dominating the housing market for the working classes pre-war, often in squalid and overcrowded conditions; becoming a significantly smaller share of the total housing stock following the social housing boom decades in the 50s and 60s; and then reappearing in the 1980s, primarily as a solution to the need for short term temporary accommodation across the income streams.

However, with the property boom decade up to the banking crash of 2007-8, the rise of the individual buy-to-let landlord became increasingly common on our streets. Following the crisis, this section of the market has grown at an unprecedented rate as more and more citizens, mostly under 40, cannot obtain an allocation on ever-lengthening social housing waiting lists, or be able to get their foot on the owner-occupier ladder due to financial constraints and the lack of supply. In Scotland, the private rented sector has doubled over the last decade to almost 300,000 households.

There can be no doubt that Scotland requires many thousands of additional homes across all tenures in order to meet housing need over the coming years. The Scottish Government's own forecast is that 465,000 new homes are necessary by 2035 to meet demand. But this is in stark contrast with new housing output, which is now at its lowest level since 1947, having slumped by over 40% since 2007, and currently sitting at under 15,000. Reduced government grants have led to a growing void in affordable housing. The Scottish Federation of Housing Associations, in their recent evidence to the Royal Institute of Chartered Surveyors Housing Commission, estimated that a

THE PRIVATE RENTED SECTOR – GROWING AND HERE TO STAY

programme doubling the current level of investment was starting to be realistic, but was still far short of meeting true needs.

It is estimated that, throughout the UK, there are now over 2 million landlords with an average of only two houses each. A very high degree of fragmentation in the landlord base, added to outdated legislation which is only workable at the shortest period of tenure, has led to high rentals in relation to incomes. In many areas it has also resulted in poor tenant and property management.

Many believed that this would be a temporary phenomenon, which required little or no government intervention. Increasingly, however, the evidence points the other way. There is a growing argument that moving the UK away from the obsession of owner-occupation and ever-increasing house prices to a landscape which is more in tune with that found in parts of continental Europe may not be an entirely bad thing.

Policymakers in the post-war era have tended to look at the housing sector in silos; owner occupation on the one hand, social rented housing on the other. Tax and expenditure policies are then adjusted according to the policymaker's political stripe. But we no longer live in the 1950s or 60s, where the population was largely settled in one silo or the other for the great majority of their adult life. Employment patterns have changed considerably, with a far greater percentage relying on temporary jobs, fixed contract work or self employment. Demographics have shifted. People have fewer children, and a very large number of people will at some stage of their adult lives be on their own. A greater range of housing types and tenures needs to be provided to allow people to maximise the opportunity to enjoy a good life, and for communities to retain stability and encourage financial and social investment.

More and more people are facing a lack of alternatives which, in turn, drives the calls to return to higher levels of owner-occupation. But a functioning substantial mid-level rental market could become a key component in achieving the stability and investment that this malfunctioning market so desperately needs. This requires the public

A pragmatic vision for a progressive Scotland

sector, the voluntary sector and private investors to think innovatively and to treat the rental market with the same degree of priority as the others – an approach which explicitly recognises that policymakers must stop looking at the sector in silos and instead see the whole picture. For Scotland, the opportunity to develop such partnership work and change the housing dynamic is, I would argue, well within reach if we are prepared to provide political leadership and display boldness. Of course, similar problems exist across the UK, none worse than in London, but Scotland has some key in-built advantages which it should exploit – an argument which I will develop in the course of this essay.

For those of us on the left, the ability to provide all our citizens with good quality housing has been a key priority. We have much to be proud of in terms of our past record, and we should be determined to build ambitiously on this with our future plans.

Well managed homes

However well you carefully care for and maintain your own house, we all know the impact of a badly maintained home, be it over the other side of your boundary fence or on the stairs below. In denser housing areas, this problem can become even more acute, particularly if the problem rests with multiple houses. It is the cause of some of the deepest social misery and can occur over a fairly short period of time.

As well as occupants acting responsibly on day-to-day maintenance, access to sufficient capital is essential to ensure sustainable investment in housing stock. The key incentive to keep spending money is to maintain or even increase the real value of your asset, but an increasing number of buy-to-let landlords have become so by default, often at the lower end of the property market in hard to sell areas, of which a substantial number are former council housing. Failure to find a buyer has led many to let out their homes, often for considerable periods of time and the landlord usually has little access to other forms of capital.

THE PRIVATE RENTED SECTOR – GROWING AND HERE TO STAY

In addition, over the last five years speculative cash buyers have entered many housing areas which previously had little private renting with the aim of making a quick return by exploiting the increasing numbers who cannot access social housing. Management of tenants and investment in repairs is minimal and local communities are increasingly finding it difficult to tackle this problem on their doorsteps.

The recent measures to require private landlords in Scotland to register with local authorities are a welcome step but enforcement powers are limited. Whilst consideration may be given to creating additional controls, the cost of implementation will be high and the success rate probably low. In addition, many tenants require extra services and support, which currently can only be found in the social rented sector. Finding sustainable and better quality alternatives in the private rented sector should be the priority so this fragmented ownership pattern is limited as far as possible.

Private house builders have little or no experience of property management, with the exception of the niche student accommodation sector. Their financiers have added to the push for quick returns with fast sales. Current private landlord associations have been weakened by multiple organisations without a shared strategic focus and do not represent many in the sector at all. However, there is extensive experience within the local authority/housing association sector in Scotland. Is it possible to encourage greater partnership working?

There are currently around 200 separate housing associations operating in Scotland managing 277,000 homes – over 60 associations operate in Glasgow alone. They range enormously in scale, from some which only apply to a couple of blocks of flats to Glasgow Housing Association (GHA), the largest of its kind in Western Europe.

Whilst it is important to retain the close link between landlord and tenant – the hallmark of the housing association network – there is also a need to consider if the current large number of associations in Scotland is appropriate to current challenges. In contrast, 30 local

A pragmatic vision for a progressive Scotland

authorities manage an equivalent stock of council housing, or 319,000 homes according to the latest available Scottish housing statistics.

Many in the sector voice in private the view that the total number should be much smaller, particularly when many tenants no longer have a long-standing connection with, or loyalty to, any one association. The impact of the recent economic downturn and of the ill-thought-out reforms to the benefit system, including but not limited to the notorious Bedroom Tax has led a number of associations to consider further consolidation as a means to increase their ability to absorb shocks and to seek different sources of finance.

There is also increasing expectation for associations to deliver a range of additional services within communities and achieve economies of scale in relation to procurement. Housing associations now routinely provide welfare and financial advice, integrated heating schemes to reduce costs, community charities, and local office/workspaces for small businesses. As a consequence, the skill set of association management has to be much wider and more flexible in its approach, but there are also new opportunities for those who can make this successful transition.

As part of our housing policy we need to have an open and honest debate on how services are provided by social landlords and, where appropriate, provide encouragement for planned consolidations to better improve services and reduce administrative costs.

GHA have started their first substantial experiment in the mid-level rental market with a development in Ibrox carried out by their sister organisation, Wheatley Group, to create almost 100 flats. Demand has been high since the project was released in Autumn 2013, with many tenants looking for the reliability and security offered by a 'known name'. The scheme has benefited from a £1.1m grant from the Scottish Government to cover the costs of the extensive refurbishment, but this is a paltry amount of public assistance to a sector which covers over 12% of the country's entire housing stock.

THE PRIVATE RENTED SECTOR – GROWING AND HERE TO STAY

This type of housing programme is a relatively low risk for public financing and delivers substantial social benefits. The landlords have extensive experience of property management, have the capacity to procure best value on services to tenants, and are providing accommodation which should maintain a high occupancy level. As part of any housing policy, Labour should consider committing a dedicated and substantial grant or loan scheme to allow for a sizeable expansion of this sector via housing associations or local authorities, particularly in urban areas.

Such a policy should also aim to consider widening these schemes to joint partnerships between social landlords and private builders, provided there is an ability to regulate the type of lease and services operated to tenants. Introducing a set of reliable and good quality 'known names' with scale should be used as a lever to improve standards across the sector as well as encouraging further investment.

Funding

The property boom decade prior to the 2007 bank crash led to an increasing disjunction between land values and incomes. Land prices in the UK remain too high for all investors and this has an impact not just on residential housing, but also on the wider economy. Any public policy initiative should not exacerbate this distortion but instead seek to bring land prices more in line with the income level ratios experienced by our continental neighbours. Whilst values in Scotland have never hit the heights witnessed in the South East of England, it would be wrong to assume we don't have a problem.

Now that the Scottish Government has control of all relevant land taxes, currently in the form of Council tax and the new Land and Buildings Transaction Tax, there should be consideration given to how we can establish a stable taxation environment which assists in returning the housing market to a more balanced state and which discourages short term speculation.

As has been mentioned earlier, government funding approaches have led to a diverse range of schemes and responses. The UK

A pragmatic vision for a progressive Scotland

Government's Help to Buy scheme, which mimics the USA's Fannie Mae and Freddie Mac mortgage guarantees, is probably the most blatant politically motivated, risky and short-sighted public programme to emerge. The Scottish Government subsidies to the private housing sector have made little significant impact. During a prolonged period of economic restraint, it is hard to justify the case for publicly subsidising house builders sitting on significant portions of land, or cushioning the risks of our major banks. In my opinion, public subsidy of the private sale market should be as minimal as possible.

There are still too many with direct involvement in the housing market – builders, investors, and government ministers – who believe that the housing market will soon revert back to somewhere near the boom period in the early 2000s. However, they fail to recognise the significant changes in the lives of many young people striving to be 'first time buyers'. They have increasing job insecurity, even in graduate-led employment, significant levels of unsecured debt, and incomes which are dropping in real terms. Many house owners are still experiencing negative equity and even a small increase in mortgage rates could tip a very large percentage of borrowers into arrears. This is not a time to encourage a return to 95% loan-to-value mortgages.

However, trying to change this mindset is an exercise on par with making a 180 degree turn in a supertanker. Investors in property seek long-term, stable and secure returns. Government needs to provide clarity on their strategy for the sector. Kathleen Scanlon and Christine Whitehead in their 2011 essay, *Towards a Sustainable Private Rented Sector: The Lessons From Other Countries*, provide a helpful guide. They suggest that you require a clear income definition of the target tenant group (the preferred scale of this sector in relation to other parts of the housing market) and a determination on the acceptable cost, housing quality, maintenance and length of tenure. Regulations and government incentives should then be built around these objectives.

Internationally, strong private rented sectors include a high proportion of small companies and private landlords. But for flatted dwellings,

which are likely to remain the most common housing type for this sector in Scotland, it is clearly preferable to encourage single ownership of blocks to sustain adequate maintenance and increase efficiencies of scale.

Initially, strong public investment in joint partnerships with social landlords and councils, as suggested earlier, will be essential to attract a wider range of investors. Local government pension funds and larger credit unions should also be encouraged to invest, along with other institutional investors. We should also consider whether the current English 'Build to Rent' fund can be adapted for use in Scotland alongside a stronger regulatory framework.

Regulation of leases

In the 1980s, legislation was passed to reform the law of leases in both Scotland and in England and Wales, attempting to address the common problems that were then evident: lack of flexibility in tenure and the fact that the restrictions of the Rent Acts were driving an increasing number of private landlords to sell up and get out of the sector completely. The short term assured tenancy was born.

There's no doubt that for some tenants a tenancy lasting typically between 6 to 12 months has advantages. Examples include those in temporary contracts away from their normal home, those who have sold their own property but are still looking to buy, and the student market. However, one constituent who I met this month typifies a growing problem. She's a single mother with two school age children and has been on the social housing lists for almost five years. Over that same period, she has been in three private lets and is now looking for her fourth home. In each case she has had to move solely due to the actions of her landlord, including one who failed to pay his own mortgage. She craves stability so she can access the support of her wider family and allow her children to maintain their friendships and schooling in the one local area.

This constituent has had to accept a short term lease because of a complete lack of any alternatives. On each occasion, there is no

A pragmatic vision for a progressive Scotland

guarantee that she can find a property at the same level of rent or one that will meet the criteria set by housing benefit regulations, which is why she has been prepared to live in overcrowded accommodation simply to retain her family's stability.

Research carried out by Nigel Sprigings, Director of Housing Studies at the University of Glasgow, indicates that tenants are willing to endure significant problems with repairs, heating and actual harassment before they reach the point of complaining. As increasing numbers desire a longer tenure, a tenant's fear of losing their homes actually becomes worse as their tenancy continues. After the initial rental term of 6 or 12 months, the tenancy reverts to a rolling monthly contract which can be terminated by the landlord at one month's notice.

Given the fragility of their tenure, tenants would rather live with substandard accommodation than risk losing their home. In addition, the lack of any national standard or governing body regulating the role of private landlords allows many rogue operators to do business with little risk of sanctions.

Many private landlords will use letting agencies to secure tenants. The current arrangements incentivise agents to re-let properties where possible, often at increasingly higher rents in order to secure maximum fees and commission. Recent housing survey evidence tends to suggest that tenants who have longer tenures in any one particular home are likely to pay lower rents than those who have been resident for less than 3 years. It accordingly isn't surprising that two thirds of households have been resident for less than 3 years.

Scotland has the advantage of being able to offer a distinct tenancy model to encourage greater stability in the sector to better suit tenants' needs. However, it's important to recognise that the sector currently doesn't have a stable investment environment, so sudden change may act as a distinct deterrent to investors. It is likely that changes in the regulatory environment will need to be introduced gradually and robustly tested.

THE PRIVATE RENTED SECTOR – GROWING AND HERE TO STAY

Scottish Labour should consider as a priority the creation of new legal models of tenancies, like rolling tenancy agreements that require the landlord to provide to their tenant a considerably longer notice period, such as 6 to 12 months.

Serious thought should also be given to creating a longer tenure lease with a term of, say, five years with some degree of rental control. This may be linked to a preferential funding package initially offered to the not-for-profit rental sector – housing associations or co-operative groups – as an incentive to offer greater security to more vulnerable tenants. We should also ensure that where public funds have been used to attract investment, there is the ability to ensure that the developments will continue to be used for long term rental use and not turn an option for speculative sale.

Inevitably, we also need to consider a greater degree of regulation of both letting agency practices and standards of tenancy. As there is very little self regulation within the sector, this may require a dedicated public regulator working closely with local authorities to ensure adequate enforcement of standards.

Conclusion

The housing market in Scotland is witnessing its biggest change since the introduction of Right to Buy in the 1980s. Scottish Labour needs to respond to these challenges by providing the conditions and policies that not only secure much needed additional social housing, but also create the environment for a stable and high standard private rented sector too. We need to be the champions of the thousands of young people who are currently scrabbling for a decent house and make sure they can be confident of a good home, whether they rent or buy.

MAKING THE CASE FOR MANUFACTURING

Iain McKenzie MP

When voters go to the polls on Election Day, they will, broadly speaking, vote for the political party they believe will offer the best future for them, their family and their community. And while there are many factors that will influence voting intentions, as the saying goes, 'it's the economy, stupid', which is most likely to determine the outcome of the election. The Labour party at Holyrood and at Westminster should pay close attention to this.

Labour must offer a clear picture of a progressive and prosperous future based on a strong and secure economy on both sides of the border. As we are well aware, the Scottish National Party are pitching their campaign to break up Britain as a choice between a progressive Holyrood and an austerity-obsessed Tory Westminster. This is a false portrayal of the choices Scotland faces.

In order for Labour to provide a genuinely progressive alternative to the narrow-minded politics offered by the Scottish nationalists, we must get serious about how we will reform the way Scotland and its economy works. To build the kind of progressive society we long to create, we must adopt radical and long-term policies to deliver a stable economy with a strong manufacturing sector at its core. It is my view, and the view of many of the UK's leading industry and trade experts, that manufacturing is, and must continue to be, an integral part of both the Scottish and UK economies. With global competition fiercer than ever, the need to stand behind the sector has never been greater.

The Future of Manufacturing: A New Era of Opportunity and Challenge for the UK, a 2013 report from the Department for Business, Innovation and Skills and the Office for Science, outlines the radical change that will take place in UK manufacturing over the next thirty years. The sector will be unrecognisable from that of today, and

more different still from that of thirty years ago. The Scottish nationalists claim independence will enable Scotland to re-industrialise its manufacturing base and, in doing so, present 'tremendous opportunities' for our manufacturing sector. But like the rest of the SNP's independence plans, the promise of 'tremendous opportunities' lacks any real detail. They have provided no strategy comparable to *The Future of Manufacturing* to show how they plan to approach the sector, preferring instead to talk only of the devastating effects of Margaret Thatcher's policies on Scottish industry, with no corresponding vision for its renewal.

In order for manufacturing as a sector to grow and develop, it is essential the next Labour UK government, alongside Scottish, Welsh and Northern Irish devolved administrations, works in partnership with industry leaders to invest in research, education and development in manufacturing. Labour, the only party which represents every region of the UK, must act boldly and aim to deliver radical reform to the way we approach industry across the country. We must act now to ensure the UK manufacturing sector is not only leading Europe, but is also showcasing our skilled workers, high quality goods and cutting edge processes on the world stage.

We must aim for a renaissance of skilled jobs across our economy. We must invest heavily in vocational education, including top quality apprenticeships, and new training opportunities for both the unemployed and those already progressing in employment. We must invest in research and development in order to exploit the emergence of new technologies, making sure that we keep innovation here in the UK.

Just think of the phone or tablet we all use daily. Could we have imagined this technology five years ago, or even believe how essential it would be to everyday life? In five years' time, we will use technology which will make us wonder how on earth we ever managed without it. And with the new technology, there will also be new careers and market opportunities. However, the groundwork must begin now to allow us to succeed in the years to come. The success of our economy

A pragmatic vision for a progressive Scotland

depends on the extent to which businesses, in all industries and sectors, invest in emerging technologies.

Since the Industrial Revolution, economic downturns in the UK have, on the whole, always been followed by surges of innovation. However, our manufacturing companies currently spend less on innovation than their European peers, while, oddly, the opposite is true for UK service companies. Furthermore, there has been a slight downward trend in business enterprise research and development intensity in the UK, unlike most other economies.

The next Labour government should seek to combine public and private investment in research and development. As an incentive, tax credits could be offered to manufacturing companies to encourage them to invest in the research and development of new products with the proviso that their manufacturing sites remains in the UK.

Another key area to secure the future success of manufacturing in the UK is design, but too few school leavers pursue careers in this area, especially girls. Labour should look carefully at the provision of careers advice in our schools, and its role in sparking the imagination of young people – both boys and girls – to consider careers that they may not have been aware of. Many leading industry experts say their ability to drive innovation is directly linked to their ability to access creative and motivated employees, and this lends weight to the argument for more diverse careers advice.

Jaguar Land Rover, one of the UK's most successful manufacturing companies, is a prime example of how significant investment in design is a key factor in the success of manufacturing businesses. Another is Dyson, which consistently improves its products by recognising the need to be more innovative than its competitors, and by adapting to the ever-changing demands of consumers. The good news is that both of these companies are leading their respective sectors, but the cost of cutting-edge research and the latest high tech processes are greater than ever. The investments needed are often too large for any one company to bear, which often results in innovative ideas being lost. This is why no competitive economy should leave universities, research

laboratories, and private sector research to operate in silos; cooperation throughout is vital.

But we should go further, adopting the kind of active industrial policy that many of the most successful developed nations consider normal. Global leaders in innovation, such as the United States, Japan, Germany and Sweden, have well connected systems that enable the public and private sectors to work together to maximise the economic benefits of manufacturing and innovation. The next Labour government should emulate this, particularly the example of the United States and its Small Business Innovation Research programme, which directs a portion of all federal research spending towards small businesses as grants. Matching this programme in the UK could have an extremely positive effect for our SME manufacturers.

The Dutch government has also introduced new policies to promote innovation in strategically important economic sectors. By selecting nine sectors in which the Netherlands has become a world-class player – agriculture and food, chemicals, creative industries, energy, high tech, horticulture, life sciences, health, logistics and water – they have stimulated greater investment in research and development through tax reductions. Lord Heseltine's 2012 report *No Stone Unturned: in Pursuit of Growth* outlines how action taken by the US and Dutch governments is in stark contrast to the lack of any coherent manufacturing and industrial strategy from the UK Government which, unless addressed, will prove disastrous for the UK economy.

The next Labour government should also recognise the importance of manufacturing clusters and supply chains to both the sector and to the overall economy.

Clusters are groups of interconnected companies, suppliers, service providers and associated institutions in a particular field. Success stories like Silicon Valley and the automotive industry of southern Germany show how industry clusters can sustain the local economy and provide skilled, high quality jobs. Clusters can affect competitiveness in three broad ways. Firstly, they increase the level of productivity at which constituent firms can operate. Secondly, they

A pragmatic vision for a progressive Scotland

increase the capacity for innovation and productivity growth. And thirdly, they stimulate and enable new business formation which further supports innovation, expanding the cluster.

The UK's record on nurturing clusters is weak in this respect. We have not done enough to create clusters – particularly manufacturing clusters – in all regions of the country where expertise resides. A future Labour administration should reverse this, and back a sustained programme of cluster development across the UK, creating environments that boost productivity, growth and innovation. Not only would this bring new employment opportunities across Britain, it would also help to revitalise local communities, like those in Scotland that continue to suffer the consequences of the decline of our traditional manufacturing base. I have witnessed this decline firsthand in my own constituency of Inverclyde, where the shipyards, wooden mills and sugar refineries – once major employers – have gone, leaving thousands of skilled workers unemployed. We remain a manufacturing community, albeit on a much smaller scale, in the form of polythene products, electronics, thermoplastic components and orthopaedic products. This shows how the flexibility and resilience of our communities can support the next generation of manufacturers.

From the food and drink industry to the automotive and aerospace sector, manufacturing in the UK is extremely diverse. In particular, the automotive industry remains one of the biggest areas of UK manufacturing growth, with output increasing by 50% over the past four years. This is a solid base for future prosperity, and the next Labour government must invest in skills and jobs to grow UK manufacturing into the future.

We must take steps to ensure some of the UK's largest companies increase the number of UK-based companies in their supply chain. This could be achieved by offering assistance in positioning key aspects of their business in parts of the country with established expertise.

There is also a structural problem around the financing of manufacturers – particularly SMEs – in the UK. Labour's plans for a proper British Investment Bank would help address the problem. In

MAKING THE CASE FOR MANUFACTURING

opposition, we have done great work in reforming the way we work with small businesses, such as the creation of the Small Business Task Force. The next Labour government must build on this and implement a comprehensive industrial strategy, with manufacturing as a central component.

We have proud roots as an industrial nation. By working with industry and the devolved administrations, a future Labour government would aim to spread manufacturing opportunities across the UK, to build a sector that will prosper for generations to come.

SECURITY AT WORK – GOOD FOR EMPLOYEES, GOOD FOR BUSINESS

Ian Murray MP

The world of work is all-encompassing. We spend hours and hours at our place of work for the best part of our lives. It should engage our skills, talents, capabilities and emotions. It is both a means by which we earn our living and something that gives purpose to our lives. Work allows us to pay our way, to raise our families and to provide us with security in retirement. Yet for working people in Scotland, there has been a rising sense of insecurity in the workplace.

Following the credit crunch in 2008, people were faced with insecurity of the worst kind; that of redundancy. At that time, losing your job was a real risk for many. Businesses, hit by the lack of access to credit, began to restructure, which often meant getting workers off the payroll.

That fear has now subsided significantly. For example, from September to November 2013, 112,000 people had become redundant, down 21,000 from June to August 2013 and down 47,000 from a year earlier. Those falls are positive and very welcome, but one person out of work is one too many.

However, a feeling of insecurity is still pervasive. But it is an uncertainty of a different sort. There has now been a shift to an insecurity which sees a rising rate of underemployment, temporary work and zero-hours contracts. This is combined with the unremitting actions of a government which is chipping away at both individual and collective rights at work, which we all rely on.

When people are concerned about whether or not their jobs are secure, and when more people are finding themselves with work but

not enough hours, the quality of the jobs that people do have may come to seem less important.

That's not the sort of vision that anybody should want for the Scottish economy. As the Scottish Labour Party – the party of labour – we must set out a future for work where productive and decently paid jobs are central to the story of our economy. Yet, the evidence shows that this is not what is on offer under the governments of Holyrood and Westminster alike.

We must strive to create a highly skilled, highly productive, highly paid economy rather than joining a race to the bottom, which will only result in a lowering of pay, productivity and skills. We can't compete with emerging economies on wages, so we must create the conditions for high quality jobs to flourish.

With 2015 fast approaching, it is worth taking time to assess the changes in the employment landscape since this Tory-led government came to power. Only then can we know how to design a fairer system for both employees and employers.

And in doing so we must remember that the UK already has one of the most flexible labour markets of any developed economy and, according to the government's own Small Business Survey, regulations (including employment law) were one of the least-cited factors by small businesses as an 'obstacle to business success'. It was only cited by 8% of businesses, behind the economy (38%), taxation (12%), cashflow (10%) and competition (10%). Yet we have witnessed a turning back of the clock.

Turning back the clock

It's as if the Conservative ministers in government looked back on the employment law changes introduced in the 1980s with nostalgia and asked themselves: 'what can be applied today?' It is quite clear that, like Margaret Thatcher, they are taking a step-by-step approach to reducing rights under employment law. However, the present attack isn't directed at the 'enemy within' (the trade unions). The attack, in recent years, has been on individuals' rights at work, letting ideology

A pragmatic vision for a progressive Scotland

run amok when people need security. Allowing an agenda that makes it easier to fire rather than hire was never going to improve the economy.

The Tories, ably assisted by their Liberal Democrats coalition partners, clearly regard much employment legislation as a 'burden on business' and announced at the beginning of this Parliament in 2010 that it intended to reduce that "burden" through a programme of legislative changes.

The agenda has been exposed for what it is – a return to an out-of-date ideological Conservative attack against people at work. Their central argument to removing employment rights is that, in order for the economy to succeed, businesses must be freed from employment regulation. This is, they falsely believe, the main deterrent to them expanding and taking on new staff.

It's an agenda that defies common sense. It's an agenda that sees the rights of people at work and the involvement of employees in determining the direction of businesses as irrelevant. It's an agenda that businesses themselves do not recognise. Fundamentally, it's an agenda that increases job insecurity.

The list of deregulatory dogma-driven policies produced by the coalition is extensive: the much maligned and unused 'shares for rights' policy, where an individual gives up key rights for shares in a business which could be worth nothing; the increase in qualification period to claim unfair dismissal from one to two years; the introduction of employment tribunal fees which act as a barrier to justice, particularly for the poorest and most vulnerable; changes to the employment tribunal compensatory awards which hit middle earners; the removal of civil liability and the collective redundancy consultation period has been halved from ninety to forty-five days. This final example is particularly disturbing. Reducing the consultation period gave unions less time to work with employers to find ways to save jobs; a fundamental principle that has saved not just tens of thousands of jobs in recent years but entire industries.

SECURITY AT WORK – GOOD FOR EMPLOYEES, GOOD FOR BUSINESS

Ministers consulted on introducing compensated no-fault dismissal, a proposal put forward by Adrian Beecroft in his now-infamous report, which would effectively allow employers to fire employees at will. They introduced 'settlement agreements', meaning that employees can be offered a sum of money to leave and that conversations made with a view to terminating employment are treated as confidential and cannot be considered as part of a tribunal in unfair dismissal cases.

Worst of all, Tory MPs in this Parliament brought forward an unsuccessful Private Member's Bill to remove facilities time for trade union representatives to do work such as improve health and safety at work, represent employees and offer support with grievances and disciplinary matters.

Those of us in the labour movement – a movement in tune with the millions of people who go to work every day, who work hard to make their way in life – know that argument is based on a myth. Businesses thrive when they treat their employees well and fairly. It isn't about pitting one group against another. It's about basic rights for people at work – rights which are not over burdensome on employers. Recent surveys have shown that businesses aren't overly concerned about regulation as a barrier to their business success.

I have set-up and run my own businesses and I know that my staff were my biggest asset. The overwhelming majority of businesses treat their staff well but the government still persist with an agenda without evidence. I suppose we can call it policy-based evidence making!

In their drive to 'cut red tape', this government has failed to consider the impact that such measures will have on ordinary hardworking people and their families. As soon as you begin to strip away the rights that people can enjoy at work, you instil a crisis of confidence that niggles at an employee's productivity and, more importantly, their sense of worth in the workplace.

Workers without the confidence of job security don't make for confident consumers, and the economy suffers as a result. On top of this, people will, on average, have lost a total of £1,660 in real terms

A pragmatic vision for a progressive Scotland

by 2015 under this Tory-led government, as analysis of the Office for Budget Responsibility forecasts by the House of Commons library has shown.

This feeling of 'job insecurity' isn't just some assertion. It is being borne out on the doorstep, in constituent casework and in workplace surveys.

A recent YouGov poll found that:

- The number of people feeling insecure at work has almost doubled in the past three years since the Tory-led government took office, from 6.5m to 12m.
- 40% of working people – 12 million – feel insecure or less secure in their jobs than 3 years ago.
- 40% of working people are worried their job will become more insecure in the future.
- Almost 3 in 10 people who are in work feel less secure than they did three years ago.
- Half the working population believe that the economic policies of the present government were making them feel less secure.

As the UK Commission for Employment and Skills has shown, Britain's employees are feeling more insecure and pressured at work than at any time in the past twenty years. Their report, *Fear at Work*, surveyed over 6000 employees in 2012 and found that more than half were concerned about loss of job status. Added to this, their research explained that people are working harder, in terms of both the speed of work and the pressures of working to tight deadlines, which have risen to record highs.

Happy, healthy, employees arriving at work safe in the knowledge that they have basic rights and are made to feel like they have a stake in the business, make for the most productive employees. The business reduces staff absenteeism and lost work days, and employees have a greater stake in the success of the organisation. The Confederation of

SECURITY AT WORK – GOOD FOR EMPLOYEES, GOOD FOR BUSINESS

British Industry (CBI) suggests that engaged employees take an average of 2.69 days sick a year; the disengaged take 6.19 sick days.

It has been found that companies with highly engaged staff report employees taking an average of 7 absence days per year, approximately half the 14 days per year reported in low engagement companies.

As Peter Cheese, Chief Executive at the Chartered Institute for Personnel Development (CIPD) has said: 'What's good for people is good for business, and if we can embrace that truth to build cultures in which people want to work and are unified by a common purpose, we can not only prevent catastrophes, we can truly build more sustainable economic growth'.

The feeling of insecurity is epitomised by the rise in zero-hours contracts over recent years. It is a trend which should concern all of us. Whilst there are a small number of people who find this type of contract suitable for their lifestyle – people from across the UK – there are numerous cases where unscrupulous employers are exploiting this type of employment, forcing employees to take all the risk of any downturn in business demand. It cannot be right for business risk to be on the shoulders of the employees in that business.

A proud record

Labour led the way in employment rights during our time in government. When the Labour government came to power in 1997, workers had no right to minimum pay and no right to paid leave. The imbalance between work and family life meant workers often had to choose one or the other at a cost to themselves and the economy because, after all, no one gains from forcing talented workers out of the labour market.

That is why one of our proudest achievements, the National Minimum Wage, was found to be one of the most successful policies of the past thirty years by British political experts.

A pragmatic vision for a progressive Scotland

Fifteen years have now passed, and the minimum wage is an economic and political fact of life. Predictably, the Tories cried the familiar refrain that it would be a 'burden on business', and would cost millions of jobs. And let's not forget that the SNP abstained on the final vote of the legislation that introduced it; something which they conveniently try to conceal. It was Labour Members of Parliament that sat through the night to see it onto the statute book.

This policy gave real security to hardworking people across the UK. No longer would they have to take home derisory pay, working for a little as 70p an hour. Our approach was characterised by partnership with employers and employees, and a balanced approach towards the need for wage growth and the impact on employment.

The Low Pay Commission, created to advise government on the National Minimum Wage, did something unique. It brought together business and trade unions to work collaboratively for the benefit of both employers and employees. Alongside this, there were measures following accessions to the EU social policy provisions, additional rights for working parents which dramatically improved work-life balance, and the trade union recognition procedure. That's not to mention the new rights and recognition preventing discrimination on the grounds of sexuality and religious beliefs in the workplace.

We gave full time workers the right to twenty days of paid leave. We extended maternity leave and increased maternity pay and we introduced the right to request flexible working to help parents and carers balance the responsibilities of work and family life.

We continued to build on that progress. In line with our manifesto promise, we completed the extension of paid leave from 24 to 28 days for full time workers. The right to request flexible working was extended to parents with children up to the age of 16. Strengthened Minimum Wage laws prescribed automatic fines for employers not paying the new minimum, and a fairer system of paying arrears to underpaid workers. These proposals put a very minimum infrastructure of decency and fairness around people in the workplace.

SECURITY AT WORK – GOOD FOR EMPLOYEES, GOOD FOR BUSINESS

Alongside this basic canon of fairness, we recognised the importance of meaningful employee engagement because the cost of not listening and interacting with employees is stark. Disengagement costs the economy billions of pounds, while successful businesses highlight the impact that improving engagement has on profitability and return on investment.

Therefore, in 2008, Labour initiated the MacLeod Review, led by David Macleod and Nita Clarke, which produced its final report, *Engaging For Success*, in 2010. The Chartered Institute for Personnel Development (CIPD) heralded it as ‘the best thing that’s happened to human resources for years’, and the report was welcomed by employers and employees alike.

The review put forward several recommendations: a national campaign on engagement; a senior sponsor group to raise awareness; support for employers, including case studies and coaching advice; and proposals for existing government resources including ACAS, UKCES and Sector Skills Councils to be aligned to provide better support in developing skills needed for engagement.

The then government’s response was to accept the review and its recommendations in its entirety and – credit where credit is due – the further work by the current government on this has been welcome.

But the Tories have drowned this out with their single-minded deregulatory ideology. They can’t see that any attempts at engagement must be built on a secure foundation – it’s hard to get individuals to commit to an employer fully if they could lose their job at any time. That is where there is an inherent contradiction in the Government’s agenda. You cannot undermine the rights of everyone at work with an anti-rights agenda and then expect the employee voice to shine. Progression in the workplace is key, but that is undermined by insecurity.

Of course, there is currently legislation in place that can encourage business to listen to the voice of employees. The Information and Consultation of Employees (ICE) regulations give employees in the UK

A pragmatic vision for a progressive Scotland

new rights to be informed and consulted on an ongoing basis about developments in the organisations for which they work.

At this stage, it is not yet clear whether these regulations need to be strengthened and it is something we need to look at closely. However, I think it is undoubtedly the case that they need to be better promoted by government.

It wasn't an understatement when the minister responsible for introducing these regulations said they were groundbreaking. As academic Mark Hall confirmed in his 2005 analysis: 'The ICE regulations represent a radical development in the UK context'. Indeed, the collaboration of government, TUC and CBI was a step forward for industrial relations in the UK. It was the first time that the CBI and the TUC had sat together and reached a framework agreement. Yet again, it was Labour that brought employees, employers and government working in partnership to make improvements for everyone.

We have to turn the tide – so what's next?

The wave of government policy which has cascaded onto the employment landscape is considerable. It's now time to turn the tide. We need to reverse policy that feeds insecurity and instability in peoples' lives. Working people are already earning £1,600 less a year on average than they were in 2010, working just as hard but for less, yet the government would have you think that the overdue growth in our economy means we are back on track.

Economic growth must go hand-in-hand with rising living standards. The challenge in 2015 that will fall upon the next Labour government will be to permanently restore the link between growth and living standards for all of Britain's working people. Because, frankly, this government can't do it. A return to the pre-2008 economy is not success.

So where do we start to restore that link? Without doubt, security at work should be a priority. As a starting point, we should ask ourselves what the prime objectives of government policy must be to cement

SECURITY AT WORK – GOOD FOR EMPLOYEES, GOOD FOR BUSINESS

that security. Labour would ensure that the employment rights, of low paid and vulnerable employees in particular, are strengthened.

Secondly, we cannot be blind to the reality that reform is needed, for example, in the sclerotic nature of employment tribunals. By improving the efficiency of that institution, we could bring major benefits to both employers and employees. Labour is pro-reform and will work with trade unions and businesses to undertake transformation of employment tribunals to benefit both employees and employers.

Thirdly, we should ban exploitative zero-hours contracts by banning employers from insisting that those on zero-hours contracts are available even when there is no guarantee of any work, and by stopping zero-hours contracts that require workers to work exclusively for one firm. This should be cemented with a code of practice drawn up by collaboration between employers and employees.

There are instances where zero-hours contracts can work for employees who want flexibility but, while they were once a marginal and niche element of the labour market, they have become the norm in many parts of our economy. The Chartered Institute of Personal Development has reported that there may be upwards of 1 million people now employed on these contracts. These are some of the most squeezed workers in our country; they are paid 40% less than on average than those with set hours, according to the Resolution Foundation.

Growth in our economy should be matched by a growth in wages. Take the National Minimum Wage. The Tories now claim to be supporters of it, but low pay has got far worse under the Tories, with average wages falling for the majority of their time in office. Don't be fooled by their claims of support. They issued a memo recently advising Tory candidates on how to avoid having to pay the minimum wage.

It will take a Labour government to take the next step and strengthen the minimum wage in areas of value, enforcement and punishment. The minimum wage needs to rise faster than it has in the recent past

A pragmatic vision for a progressive Scotland

in order to catch up with where it was in 2010. If the minimum wage had increased in line with inflation over this period, low paid workers would be earning £20 a week more. This will require partnership between employers and employees, with close deliberation given to balancing the needs for wage growth with concerns about the impact on employment.

We need to see higher penalties for rogue companies who don't pay employees the minimum wage, and far more effective enforcement, including giving new powers to local authorities. Penalties against those rogue employers should be higher and we would set them at £50,000 – a real detriment to businesses that insist on exploiting workers. Currently, the government has announced a policy of naming and shaming employers who do not pay the minimum wage more times than they have actually used it.

And where has this government been in the debate on the living wage? It's been too busy giving tax cuts to millionaires to notice. A living wage would give real security at work and government can take steps to incentivise business to take it up. As Ed Miliband has set out, Labour will offer 'make work pay' contracts to employers all over Britain. So firms that sign up to paying their employees the living wage, in the first year of the next Parliament will be offered a 12 month tax rebate of up to £1,000 for each individual worker that receives a pay rise. Businesses that reward employees will win, sharing the benefits with government.

The living wage should be a central focus for government in the years ahead. We should draw on the experience of our colleagues in Councils across the UK, which have successfully introduced the living wage. We must take the opportunity to learn lessons from their experience. For example, in my own city – Edinburgh – the City Council there has introduced a living wage for Council workers. It has helped thousands of people.

Let's bear in mind the businesses across the country that have also taken up the living wage. Government should do more to shine the spotlight on them in praise of their efforts, along with increasing

support for businesses who want to adopt it. Businesses who have introduced it tell us that it saves them money, has reduced turnover of staff and lowered sickness absence. Labour has called for employee representation on remuneration committees, as suggested by the High Pay Commission. This is something that happens in Germany, Europe's most successful economy, and which one of our leading and best known businesses, John Lewis, already practices. These are areas where the employees' voice can be clearly heard. If anyone is in any doubt about the success of the employee voice, look at the 17% bonus for all John Lewis partners last year.

These kinds of measures aren't about big government; it's about an active, intelligent government which helps both employers and employees.

Preventing exploitation of the most vulnerable workers will always be a focus for any Labour government. We believe the Gangmasters Licensing Authority (GLA) does incredibly important work and we want to consider how its scope extended to the construction industry and potentially other sectors of our economy. Ministers have paid lip-service to this important organisation and privately we know that they have sought to undermine it at every opportunity.

And if we have free movement of labour across Europe, we need proper labour standards in our economy, including real protection for agency workers. There are millions of agency workers in the UK, and for too long they have had worse working terms and conditions than permanent employees undertaking the same roles. The enforcement of the Agency Workers Directive was a vital step forward in ensuring the UK economy is one that has fair rewards for everyone who works hard and contributes to our society.

Many unions have concerns over the 'Swedish Derogation'. This refers to the Swedish opt-out of the EU's Agency Workers Regulations (AWR), which exempts employment agencies from having to pay new workers the same rate of pay as full-time staff, as long as the agency commits to paying the worker for at least four weeks during the times

A pragmatic vision for a progressive Scotland

the worker cannot find work. The TUC are submitting a formal complaint to the EU about this.

We need to look closely at this area and we will work with businesses, charities and trade unions to take forward change that will benefit both employees and employers. We will work with all stakeholders to find a way that agency workers and other vulnerable workers can be protected.

For some, insecurity at work is not the problem; getting any work at all because of blacklisting is the problem. Trade unionists and other campaigners have worked tirelessly to keep the scandal of blacklisting in the public eye. Blacklisting is about a race to the bottom: lower standards, insecurity at work, fewer rights and worse conditions.

The current government must now end its refusal to act and hold the inquiry into blacklisting that common sense and decency demand. If ministers refuse to take this crucial step, a future Labour government should, and enable those blacklisted to be properly compensated.

We are also committed to ending the scandal of false self-employment, which has long been recognised as an issue in the construction industry in particular, by closing the loopholes which allow this whilst ensuring that those who are genuinely self-employed are not affected.

False self-employment means that workers are denied employment protections and rights. In 2009, the Treasury estimated that around 300,000 workers in the construction sector were in this position, at an annual loss to the taxpayer of £350m, or more than £380m in today's prices

The last Labour government proposed criteria whereby workers would be automatically 'deemed' to be treated as employed for tax purposes if they met criteria that most people would regard as obvious signs that they were employees, rather than self-employed subcontractors, and this will be our starting point.

What can we do in Scotland?

The issues I have raised are UK-wide but there are specific actions that the Scottish Parliament could also take to advance security at work.

We must set the tone by ensuring that we put security at work at the heart of public procurement. We must say that anyone gaining a contract paid for by the public purse in Scotland must adhere to minimum standards for direct and sub-contracted employees. This means no more exploitative zero-hours contracts, no more pay below the living wage, no more blacklisting, and no more exploiting of legal loopholes to undermine the pay and conditions of workers. It means putting fairness and security at work at the heart of public procurement decision-making. This will lift standards and create the benchmark for how we want our country to treat our employees.

Local authorities are critical to this. They know their area better than anyone, so we must give them the responsibility for enforcing the National Minimum Wage. This would take the fight against wage exploitation right to the heart of communities where businesses known to be disregarding their legal obligations can be dealt with by local authorities.

This is about effective enforcement, backed by the public purse, in setting the standard for how contracts should be used to lift pay, conditions and security at work.

Conclusion

It is only through individual and collective rights that people can feel a sense of security in their workplace – a safety net for them to fall back on should they suffer an injustice at work. It's an approach which says yes to flexibility for employers and employees, but an outright no to exploitation.

As one senior economist has said: 'Ignoring the people dimension, treating people as simply cogs in the machine, results in the full contribution they can make being lost'. Developing a policy agenda encompassing individual rights, combined with deeper employee

A pragmatic vision for a progressive Scotland

engagement, is worth pursuing not as an end in itself, but as a means of improving the lives of working people and the performance of business. In turn, that should benefit the economy as a whole.

We need to be clear that we believe in developing more, higher skill and higher value added jobs that will boost our international competitiveness. If people are not rewarded appropriately for the work they do, and are instead left to wallow in poorly paid, insecure jobs, then the state is left to pick up the pieces, whether that be through tax credits to top up wages or through benefits.

The agenda needs to focus on pay, job security, skills and progression in the workplace, underpinned by a fair and modern system of individual and collective rights. In the months ahead, every Labour member, activist and elected representative should spread the message – it is only a Labour government that can deliver a fair economy based on a new relationship in the workplace which recognises the role that all working people play in generating growth, and which provides a better standard of living and security for them and their families in return.

It's an agenda that's good for business, good for employees, good for the economy and good for the future.

GENDER EQUALITY AND 20/20 VISION

Sandra Osborne MP

'The newly published 2020 Scottish Equality Audit has praise for both the Labour UK Government and the Labour-led Scottish Government on the progress they have made in promoting gender equality'.

Well, OK. That article is still to be written, but there is nothing wrong with having vision – especially 20/20 vision. When it comes to looking at gender equality, there are three separate strands. Firstly, we should celebrate past achievements. Secondly, we should set out realistic proposals for implementation now. Thirdly, we should promote a clear vision for the future.

Labour has become good at apologising for things it 'got wrong', but too often we forget to celebrate our achievements. Labour has been in the vanguard of all advances for women since Barbara Castle's Equal Pay Act 1970 and the Sex Discrimination Act of 1975. I'll never forget the agony of going through the government lobby in support of cuts to Lone Parent Benefit in 1997. It was wrong, and a few years later we backbenchers would never have gone along with it.

But we must not forget the good things we went on to achieve: the new deal for lone parents was introduced and lone parent employment rose from 44% in the mid 1990s to 58% by 2010; I remember staying up all night to vote through the Minimum Wage while the SNP MPs were safely tucked up in bed; Child Tax Credits made a huge difference to affordable childcare; Child Benefit increases; Working Tax Credit; improved maternity rights and the Equality Act 2010 all benefited women. When Labour came to power in 1997, the UK had the highest rate of child poverty of any country in the EU. The figure had doubled since 1979. One in three children was growing up below the poverty line. By 2010, more than one million

A pragmatic vision for a progressive Scotland

children had been lifted out of poverty, and child poverty stood at its lowest figure in twenty-five years.

The Labour-led Scottish Executive did much to address domestic violence and expand childcare. The Labour Party, in both Scotland and the UK overall, took positive action to increase the representation of women in both Parliaments with great success.

Currently, Labour in opposition is rightly exposing the disproportionate negative impact that the Coalition's austerity programme is having on women, especially the welfare cuts. We also steadfastly oppose the Coalition's attempts to roll back the gains of Labour's Equality Act. In contrast, the SNP Scottish Government is failing to keep its promises on childcare and is starving local government of the funding to provide priority public services to those in greatest need, leading to cutbacks impacting disproportionately on women. So when I think about strategies to tackle gender inequality, and what our priorities should be in the most difficult of economic times, I try to focus on what's important in the lives of the women around me in my constituency. The Tory-led government is utterly out of touch with this reality, and the SNP is cynically prepared to park the issue until they reach their goal of independence.

The main focus of this essay is Labour's vision for the future, the key areas where Labour can make a difference to women's lives, and the Labour values best placed to underpin that vision and ensure we prioritise the right issues.

Let me make it clear where I'm coming from. I have been a Scottish Labour MP since 1997. I have been involved in equality issues throughout that time. I sat on the committee that steered the Equality Bill through Parliament. I am the Chair of the All Party Parliamentary Group on Equality and I sit on the Equalities and Discrimination Committee of the Council of Europe. However, more important than that, I grew up in a family of five watching my father and mother holding down various low paid jobs. I have lived on benefits, and have juggled childcare, work and studies. I have always strived to ensure that women's issues and gender equality are high on Labour's agenda.

Before I became an MP, I worked for 14 years with Kilmarnock Women's Aid, and I believe it is essential that this debate is informed by the voices and experience of ordinary working class women, the length and breadth of Scotland.

In the pages that follow I am going to look at four areas where Labour can make a difference for women in Scotland:

- Women, work and welfare
- Affordable childcare
- Violence against women
- Gender, power and influence

In all of this we must constantly be on the lookout for the 'backlash' against women. Whenever struggle achieves advances for women, there is always a backlash which seeks to undermine and roll back the gains made. History teaches that our vision must always be underpinned by vigilance, and that sustainable progress usually requires the back up of legislation or statute.

Women, Work and Welfare

Some excellent analysis of the current situation facing Scottish women is set out in the report of the Scottish CEDAW (UN Committee on the Elimination of Discrimination against Women) Shadow Report Forum. The report was published in June 2013 in response to the earlier UK Government's CEDAW report.

Their report highlights the impact that the economic downturn has had on women, stressing that cuts to budgets have seen redundancies in the public and voluntary sectors, where women predominate. The report also highlights that job losses in the private sector have tended to be in low grade roles, which are mostly undertaken by women.

The Coalition Government's increase in working hours thresholds for tax credit entitlement, which many women rely on to pay childcare costs, is forcing women to increase their hours or seek other forms of employment in order to make ends meet.

A pragmatic vision for a progressive Scotland

The Low Pay Commission has identified social care and childcare as sectors where low wages are particularly prevalent. These are sectors with a high number of women workers. One of the recommendations of the Low Pay Commission 2012 Report was that all commissioning and contracting out by local authorities for services should require at least the National Minimum Wage to be paid for care service providers. The prevalence of zero-hours contracts and other so-called 'flexible' practices makes for low pay and poor conditions of employment, especially for women.

More and more, part-time work is the only option available to women with family and caring responsibilities, and low wages make it common for many women to take on more than one job to try and get by. It is unfair that part-time work is disproportionately poorly paid. The Institute for Public Policy Research's 2013 report, *Great Expectations: Exploring the Promises of Gender Equality*, found that 'in other northern European countries, part-time work is used as a tool to retain workers and promote a healthy family life. In the UK, the growth of part-time work has been a consequence of weak statutory regulation and the promotion of a more "flexible" labour market'.

Around £10bn a year is awarded by the Scottish public sector in procurement contracts. At the moment, too often the taxpayer is funding contracts that perpetuate low pay. Instead, this should be seen as a great opportunity to change behaviour in the private sector, extend the Living Wage and insist on equivalence with the requirements of the Public Sector Equality Duty.

Welfare benefits are often required to 'top up' low incomes. Supportive infrastructure (i.e. childcare and public transport provision) as well as payment of a Living Wage would allow women to fully engage with the workplace, feel valued and rely less on welfare benefits.

A priority for the next UK Labour Government must be to tackle low pay, narrow the gender pay gap and end workplace discrimination. Kate Green, the Shadow Equalities Minister, in her chapter 'Investing in our Children' in the Labour Party essay collection, *One Nation*:

Power, Hope, Community, argues that ‘we will only succeed as a country with a recovery that is built to last, one that empowers women to be adequately rewarded for the job they do and provides real opportunities and skills to advance and progress’. This has to involve our education system – challenging gender stereotypes at every level, ‘implementing our legislation on mandatory equal pay audits if sufficient voluntary progress isn’t made, tackling the zero-hours culture which leaves too many people unsure from day to day how much they’ll have to pay the bills, doing what we can to extend the living wage, and refusing the Tories’ race to the bottom on employee rights’.

Responding to the Equality Statement of the Scottish Government’s Draft Budget (2014-15), the Scottish Women’s Convention identifies issues around the Modern Apprenticeship programmes. They call on the Scottish Government to improve modern apprenticeships ‘which are often gender specific, with young men entering fields such as construction, joinery, and engineering’. They also stress that ‘young women, who tend to take up careers in areas such as childcare and hairdressing, are seldom offered information about Modern Apprenticeships through careers advice and are therefore not aware of the opportunities available to them’. However, while it is important to encourage young women to consider ‘non-traditional’ roles, it is also vital that the work traditionally carried out by women is valued.

When it comes to welfare reform, the cuts are having a greater impact on women than men because of the inequalities women are exposed to in the first place – low pay, part-time work, pay gaps and caring responsibilities. The Welfare Reform Committee of the Scottish Parliament commissioned research on the impact of welfare reform on Scotland from the Centre for Regional Economic and Social Research at Sheffield Hallam University. Its findings included:

- When the present welfare reforms have come into full effect, they will take more than £1.6bn a year out of the Scottish economy. This is equivalent to around £480 a year for every adult of working age.

A pragmatic vision for a progressive Scotland

- Some households and individuals, notably sickness and disability claimants, will be hit by several different elements of the reforms.
- Within Scotland, however, the local authorities covering the poorest areas are hit hardest. As a general rule, the more deprived the local authority, the greater the financial hit. Several of Scotland's older industrial areas, in particular, are hit especially hard.
- A key effect of the welfare reforms will be to widen the gaps in prosperity between the best and worst local economies in Scotland.

There is a double whammy here: welfare cuts hit women harder and hit poor women hardest of all, making this an issue of both gender and class. And yet the Coalition scrapped the Equality Act's Socio Economic Duty (the link between poverty and equality) upon taking office.

Going forward, the UK and Scottish Governments should be considering practical measures to support women experiencing financial hardship. This will require the political will to ensure joined-up government when exercising reserved and devolved functions. Local authorities will need powers and resources to ensure that women are not left with additional caring responsibilities as a result of funding cuts to key social services.

Under the new welfare legislation, payment will eventually be made to only one member of a household. Labour must ensure that women's financial independence, struggled for so hard and so long, is not eroded.

Affordable Childcare

The Scottish CEDAW Report, referred to earlier, sets out clearly and powerfully the key issues for Scottish women in relation to childcare: 'If employment is the route out of poverty and onto a better life, then childcare is the bridge'.

It argues that 'accessible, affordable, appropriate childcare is necessary for women to fully engage in employment'. Arguments over the introduction of additional hours of childcare, for what period those hours are available, and for what categories of children, do not tackle the crucial issue of wrap-around childcare. Changes to working patterns, 24-hour workplaces and shift work all have an impact on available childcare options.

Parents rely on private nurseries, childminders, family and friends to juggle childcare and work requirements. The additional costs associated with this, as well as the inflexibility of childcare provision, is increasing stress on hard working parents, especially women.

In my own constituency office, I have seven members of staff, six of whom are women, all part-time except one. Four of my staff have had to juggle childcare and work using a range of provision, formal and informal, negotiating changes in working hours from time to time as necessary

Many women are in this kind of situation, but not all have options for flexible working available to them. Women in that position do not fit the SNP's simplistic vision of a post-independence transformational childcare programme funded by thousands of previously unemployed women taking up jobs for the first time. These women are already working, paying tax and contributing to the local economy, while struggling to keep all the plates spinning.

Changes to the working hours thresholds for tax credit are having a huge impact on women as so many rely upon this financial assistance to cover the cost of childcare. These changes could be the tipping point in making the cost of childcare prohibitive, resulting in many women choosing to stay at home rather than work.

In November 2013, a YouGov poll commissioned by the TUC found that nearly seven million grandparents in the UK provide regular childcare for their grandchildren aged under 16, with the most popular reason being to allow the child's parents to work. That's three in five. The poll also showed that most were still in work themselves. With

A pragmatic vision for a progressive Scotland

people living and working longer, TUC General Secretary Frances O'Grady has called for a new right to unpaid leave as 'a great way to get more working grandparents involved in childcare, and at very little cost to an employer.'

Childcare is an excellent example of where we need maximum co-operation between the UK and Scottish Governments, ensuring that the whole range of reserved and devolved powers dovetail into a co-ordinated strategy to support women with their childcare needs through the welfare and tax system, and through funded, accessible, affordable, appropriate provision.

In the course of the debate in the Scottish Parliament on the SNP's Children and Young People Bill, Labour's Shadow Education Secretary, Kezia Dugdale, highlighted the nub of the problem when she said: 'Politics is about choices . . . Within Scottish Labour, we don't disagree with the free school meals policy, but believe the money could be better spent by providing childcare for the poorest 50% of two year olds . . . In one move, he (Alex Salmond) could have helped women into work, lifted children out of poverty and eased the cost of living crisis – it's sadly a big opportunity missed'.

However, even that debate is about making modest progress – not wrap-around childcare. It was Nye Bevan, in 1947, who said 'The language of priorities is the religion of Socialism'. Never is it more important than in times of economic downturn that we set clear priorities. Universality is very effective at reaching those in greatest need but in times of scarce resources it cannot be justified as a matter of course.

Yes, politics is about choices. Too often in the past, childcare provision has fluctuated to reflect the economic needs and cultural climate of the day. It should be valued, in and of itself, for its potential to liberate and empower women. Of course, the rollout of childcare will have to be incremental and targeted, but our political commitment must be absolute, aspirational and long-term. Creating equal choices for women has to involve subsidised, full-time, good quality childcare from a young age.

Violence Against Women

In Scotland, and across the globe, women and girls are physically, mentally and sexually abused by their husbands, partners and ex-partners, raped and sexually assaulted, forced into marriage, sold into prostitution and murdered for 'dishonouring' their families or communities. Violence against women has been identified by the World Health Organisation as a major health issue and by the UN as perhaps the most pervasive, yet least recognised, human rights violation in the world.

As a feminist, I see this as a social problem rather than a private matter or the result of a random act committed by a deviant or impassioned man. As a woman, although the opportunities I have been able to access differ greatly from those available to women in other parts of the world, I share something with each and every one of them. The probability of experiencing violence or abuse affects the way all women behave and the choices we are able to make.

Scotland's work on addressing domestic abuse and violence against women has been groundbreaking. Scotland has a national strategic approach to tackling domestic abuse and a clear understanding of violence against women as both a cause and a consequence of gender inequality. At the Scottish Women's Aid AGM in 2012, Professor Evan Stark, a leading theorist at Rutgers University in New Jersey, whose work redefines domestic abuse as 'coercive control' – a form of liberty crime – said 'Scotland has, by far and away, the most progressive definition of domestic abuse in the world'. A new Violence Against Women and Girls strategy for Scotland is currently in development.

The landscape now looks very different from when I worked for Kilmarnock Women's Aid in the eighties and nineties. Karen Gardner, who worked alongside me then, and is now Manager of East Ayrshire Women's Aid, reflects on that time: 'Then, it was a constant challenge for statutory agencies to accept and understand the nature of domestic abuse in their community and to get the support and resources that women, children and young people needed to be safe. Perpetrators were unaccountable for their actions and violence against

A pragmatic vision for a progressive Scotland

women was largely trivialised and tolerated by the community. Women blaming was widespread and women were regularly held responsible for the impact of their abuse on both themselves and their children. I know women whose children were taken into care as a result of what was then referred to as their “failure to protect” them. Meanwhile, the perpetrator remained invisible to the organisations that had the power to hold him to account and keep women and children safe’.

Now, Scotland has a more securely funded network of specialist support services, a police force and criminal justice system that takes the abuse of women and girls seriously and a proactive healthcare system that routinely asks patients about gender based violence.

Promising as this is, how much closer are we to ending what is often described as ‘Scotland’s shame’, and in getting to a world where women’s and girl’s lives are not destroyed by male violence?

I am now chairperson of East Ayrshire Women’s Aid Board of Directors; the same group that I worked for over twenty years ago. Despite all the progress in Scotland since then, many things remain depressingly the same.

The dedicated funding for Women’s Aid, Rape Crisis and other specialist organisations that has been made available has done a great deal to address the gaps in services that exist in Scotland. However, 92% of Scottish Women’s Aid groups were operating with a reduced or standstill budget in 2012/13, and a third had to make cuts in their services as a result of reduced funding. East Ayrshire Women’s Aid had 107 requests for refuge space in 2012/13 but had to refuse 39 (more than a third). Around 12,000 calls were made to Scottish Rape Crisis Centres in 2012/13. Yet many of these vital services face uncertainty about current or future funding. If we truly want people who experience domestic and sexual abuse to report it, we must ensure that the specialist support services they need have adequate, ring-fenced funding to meet the demand.

Women's experiences of domestic abuse are neither adequately understood nor addressed by adding up individual criminal incidents of abuse and attempting to allocate to them some level of severity. The women I worked with then and now often did not call the police, either because they were afraid of the consequences or because the abuse they experienced would not be considered a criminal offence.

A lot has been said already about former MSP Bill Walker, who finally faced 23 convictions for domestic abuse against four women over a period of thirty years. Sheriff Mackie, in her judgement of the case, pointed out that, 'there was evidence showing the accused to be controlling, domineering, demeaning and belittling towards the three complainers'. But she also noted that, 'however abhorrent, unacceptable and abusive such behaviour might be, it does not amount to a criminal offence'.

Domestic abuse is about control, achieved through a range of behaviours and tactics that keep women in fear wherever they go. It has recently been described as a form of 'everyday terrorism', which helps us to understand the way in which domestic abuse is fundamentally a crime against a person's liberty.¹ Domestic abuse is currently not a criminal offence in its own right. Welsh MP, Elfyn Llwyd, drafted a Ten Minute Rule Bill for the UK Parliament to make it so. It recognises that domestic abuse is rarely a single incident, but is invariably a persistent course of conduct of unacceptable behaviour which results in cumulative harm to the victim, both physical and psychological. It is the course of conduct, therefore, that should be seen as a criminal offence. It's time that we developed a specific offence of Domestic Abuse in Scotland that matches what women actually experience.

I remember being very hopeful when the Matrimonial Homes (Scotland) Act 1981 introduced, amongst other things, exclusion orders enabling women to apply to the court to have an abusive partner excluded from the matrimonial home. I hoped that this would

¹ Professor Rachel Pain, *Everyday Terrorism: How Fear Works in Domestic Abuse*, Durham University and Scottish Women's Aid, August 2012.

A pragmatic vision for a progressive Scotland

extend the range of options available to women experiencing domestic abuse and mean that fewer women and children would have to fill a few black bin bags and run to an uncertain and difficult future that held no guarantees that life would get better.

Twenty years on, we know that most women, children and young people experiencing domestic abuse have to leave their family home, and everything associated with it, in order to successfully escape domestic abuse. The reasons for this are complex, but the biggest barrier is cost – either the cost of taking legal action or the cost of sustaining the family home afterwards. There have been significant improvements in Scotland in the legal rights and protection available to women (and men) experiencing domestic abuse, rape and sexual assault, forced marriage and stalking. How helpful will they really be if women cannot afford to use them because they are not entitled to adequate legal aid, or cannot find a solicitor who will do the work?

Gender, power and influence

Women represent over 50% of Scotland's population, but we are not proportionately represented in political and public life. At the moment, only 22% of UK MPs are women (22% of Scottish MPs); 33% of MSPs; and 24% of Scottish councillors.

It's very much a Catch-22 situation, as the fewer women represented in public life, the less focus there will be on issues such as public services, childcare and welfare cuts. Labour must continue to make progress on improving women's representation in order to advance gender equality in its policies.

As with all gains for women, representation goes through a cycle of campaigning, achievement and backlash. When I was first elected in 1997, I was one of four Scottish MPs elected from All Woman Shortlists (50% of target seats). This policy saw women's representation in the House of Commons rise dramatically from 60 to 120 (of which 101 were Labour MPs). In 1945, there were only 24 women, of whom 21 were Labour. However, the backlash was swift, leading to legal challenges to All Woman Shortlists and eventually

Harriet Harman had to steer through legislation to reinstate this approach. Temporary and voluntary arrangements are always vulnerable to this backlash, and numbers can slip back. In 2010, there were 143 women elected to Westminster, but Labour's share of that dropped to 81. However, it has become totally normal to see female MPs and MSPs, and this has spurred parties other than Labour to also make progress on this front. It is inconceivable that we could ever go back to Parliaments dominated almost exclusively by men. I used to tell the story of getting a taxi to Westminster with three of my women colleagues in the first week after the '97 election. The taxi driver beamed at us and asked if we were wives of the new MPs. 'We are the new MPs', we said in unison. That story seems very dated now.

One of the reasons we lost momentum in this was the constitutional change agenda. New boundaries reducing the number of Scottish MPs and the introduction of PR for local government meant that there were other priorities in candidate selections than ensuring gender balance.

Labour's slogan must be 'there is never a better time than now' or else there will never be a good time at all. Labour should draw up a timetable and strategy for achieving statutory 50/50 representation both for the Scottish Parliament and local government, taking it out of the hands of the political parties. The experience of Scottish Parliament elections teaches us that gender quotas work but that only Labour has made serious efforts to use them (and that commitment can be fragile when other pressures kick in). It is time to consider statutory quotas enforced through legislation requiring political parties to take positive action on women's representation. In the EU, Spain, Belgium, France, Ireland, Greece, Poland, Portugal and Slovenia have already gone down this road.

Women's elected representation in local government may be disappointing, but a Labour Party survey last year of women holding senior officer positions in 205 councils in England and Wales found that those under Labour control had 47% of their senior officer roles filled by women. The equivalent figures for Conservative-run councils were 37% and for Liberal Democrats 36%.

A pragmatic vision for a progressive Scotland

There are three local authorities covering Ayrshire, where I live. All three have women as Chief Executives and 19 of their 34 senior management positions are filled by women (57%). This information should be published in the annual pay gap audits carried out and reported under the Public Sector Equality Duty (the gender split in the top 2% and 5% pay ranges). There is tremendous scope for the Scottish Government, working in partnership with Local Government and other public sector agencies and community planning partners, to develop innovative and imaginative ways to turn the requirements of the specific duties under the Equality Duty into a powerful force for promoting gender equality. At the moment, this is seen as a bit of a chore involving number crunching instead of an opportunity for change.

The figures show that it is easier for a woman to rise to the top in local government than in big business. Women make up 20.4% of directors on the boards of the top FTSE 100 companies, but only 15.1% of the top 250. The UK Government has a voluntary target of 25% by 2015, set in 2011, when the respective figures were 12.5% and 7.8%.² The European Parliament has recently overwhelmingly approved proposals to make large companies fill 40% of their non-executive board posts with women by 2020. The UK Government opposes any quota system but support for the principle of quotas has been gathering pace. The European Central Bank – stung by criticism that all 23 members of its governing council are men – announced last August that it aims to have 28 per cent of senior management positions filled by women by 2019. Germany has agreed to implement national quotas of at least 30% by 2016, joining France, Holland, Spain and Italy, and most of Scandinavia, in already endorsing quotas. The proposals will now go to the 28 EU member states for approval. If Britain continues to block gender parity across the EU, then we will not only penalise women but also lose even more credibility with our European partners.

2 BoardWatch, *Professional Boards Forum*, January 2014. Available at: <http://www.boardsforum.co.uk/boardwatch.html>.

Conclusion

I want to end by drawing together some of the policy ideas raised in the previous pages. I believe they are all worthy of serious attention and could be developed into a programme of action for future Labour administrations at Westminster and Holyrood. They are not in any order of priority but demonstrate the wide range of areas where progressive policies could tackle gender inequality and make a real difference to women's lives in Scotland.

Women, Work and Welfare

- Use public sector procurement to tackle low pay and drive up employee rights.
- Implement mandatory equal pay audits.
- Tackle zero-hours contract culture.
- Promote and extend the Living Wage.
- Ensure Modern Apprenticeships are not gender specific.
- Implement the Socio Economic Duty as part of the Equality Act.
- Restore women's financial independence in payment of welfare benefits.

Affordable Childcare

- Revisit working hours thresholds for tax credits.
- Consider unpaid leave rights for working grandparents involved in childcare.
- Implement a protocol for joined up partnership working across reserved and devolved functions to support a Childcare Strategy.
- Implement a phased but ambitious Childcare Strategy based on an absolute, long-term commitment to the provision of subsidised, quality, wrap-around provision.

Violence Against Women

- Ensure that the specialist domestic abuse support services have adequate, ring-fenced funding to meet the demand.
- Legislate for a specific criminal offence of Domestic Abuse.
- Remove financial barriers to legal representation and access to justice.

Gender, Power and Influence

- Develop a strategy towards 50/50 representation in Scottish Parliament and local government.
- Consider legislation for statutory quotas requiring political parties to take positive action in candidate selection.
- Ensure that the Public Sector Equality Duty is made to work more effectively for the benefit of women.
- Support quotas to tackle under-representation of women at the senior levels of business.

A REAL STRATEGY TO TACKLE FUEL POVERTY

John Robertson MP

Official Government figures state that there are around 20,000 excess winter deaths per year in Scotland.¹ Around 2,000 of these are as a result of fuel poverty.² Christine Liddell of the University of Ulster predicted that this figure may be around three times higher, at around 6,000 in Scotland.³ More than a quarter of Scots are in fuel poverty, meaning that more than 10% of their income is spent on energy.⁴ This is a conservative estimate, following the definition change of the term by a government that is too scared to stand up to a problem that becomes worse and worse, while energy companies keep hiking their prices year on year.⁵

In 2015, we will freeze energy bills. This is not a solution, but the beginning of one. We need to take a step back and be given the chance to really sort out the energy market.

But this is only part of a much wider solution to fuel poverty. The energy market desperately needs reforming; there is no doubt about it. I hope that the re-structuring will lead to lower energy bills, and

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- 1 M. Chalabi, Datablog: Excess winter deaths up 29% , *Guardian*, 26 November 2013. Available at: <http://www.theguardian.com/news/datablog/2013/nov/26/excess-winter-deaths-up-29>.
 - 2 J. Hills, Getting the measure of fuel poverty: Final Report of the Fuel Poverty Review , *The Centre for Analysis and Social Exclusion*, London, 2012, pg. 27.
 - 3 S. Read, Fuel poverty deaths three times higher than government estimates , *Independent*, 28 February 2012. Available at: <http://www.independent.co.uk/news/uk/home-news/fuel-poverty-deaths-three-times-higher-than-government-estimates-7462426.html>.
 - 4 Fuel poverty in more than a quarter of Scottish homes in 2012 , *BBC News*, 10 December 2013. Available at: <http://www.bbc.co.uk/news/uk-scotland-25319365>
 - 5 T. Bawden, 800,000 people lifted out of fuel poverty by redefining it , *Independent*, 2 December 2013. Available at: <http://www.independent.co.uk/news/uk/politics/800000-people-lifted-out-offuel-poverty-by-redefining-it-8976232.html>.

A pragmatic vision for a progressive Scotland

therefore help those in fuel poverty. But the real underlying problem is that some people will always struggle to heat their home. These people are often those who can afford it the least: the elderly, the disabled and the vulnerable.

It is a scandal that in 21st century Britain there are so many people literally dying from the cold. As we build more and more energy efficient housing, the richer get warmer but the poorer are left in old housing stock that they cannot afford to heat. In my constituency, for example, there are a number of tenement blocks which are very difficult to insulate, and which need community solutions to be able to do so.

A 'Fuel Poverty Champion'

In government, we should make tackling fuel poverty a key priority. With 25% of people saying that they are living in 'unacceptably cold homes', it is a key concern for people across the country, and it is something both Holyrood and Westminster are failing to address.⁶

The appointment of cross-departmental advisors, often called Government Tsars, is a common way of tackling issues which straddle different policy areas and ministerial responsibilities. Sometimes they are independent advisors from outside of Parliament, such as Professor Sir John Hills CBE, who has had four appointments under both the Labour and Coalition governments, on this very issue. The Fuel Poverty Champion would not seek to replicate his work, which has been invaluable, but would work towards coordinating departments to implement his suggestions and others. It is vital that the expertise of John Hills is brought into this work, as well as that of the current advisory groups on fuel poverty for each of the devolved administrations, organisations working on fuel poverty, academics and energy companies. Their advice would be important in the initial stages of the Fuel Poverty Champion's work in planning the actions to be taken. A cost that would be incurred here would be that of reimbursing their ordinary place of work for their time.

⁶ Heating bills concern 38% of UK population, survey suggests , *BBC News*, 5 September 2013. Available at: <http://www.bbc.co.uk/news/uk-23957608>.

A REAL STRATEGY TO TACKLE FUEL POVERTY

A Fuel Poverty Champion would allow the issue of fuel poverty to be given priority across departments and administrations. The issue is far too disjointed at the moment, with fuel poverty being a devolved matter, while energy policy is reserved. Glasgow City Council is in charge of some community insulation measures, the encouragement of energy efficiency is under the Scottish Government and regulation of it is reserved for the UK Government. Similarly, while energy policy is the responsibility of the Department for Energy and Climate Change in the UK Government, the associated benefits are administered by the Department for Work and Pensions and other issues regarding market control may be the provision of the Department for Business, Innovation and Skills.

The ideal candidate for this job would be a well known public figure with good connections and working relationships with ministers in the many connected departments, as well as those in the devolved administrations. It would be an organisational role, and would require some civil service support. The office, with a project manager and assistant, would cost about £100,000, including pension and Employer National Insurance contributions.⁷

A Fuel Poverty Champion could sit at the table across departments and across devolved administrations. Their key role would be to promote the alleviation of fuel poverty and ensure the most vulnerable people are not neglected when discussing energy matters.

They could also pursue policies across departments and administrations that would have a direct impact in this area. It would ensure measures are not being duplicated and that there is joined up thinking on each policy. Ultimately, it would be cost effective and have a massive impact on those struggling to pay their energy bills.

⁷ House of Commons Library. Estimate based on Department of Education costs and office structure: HC Deb 10 Oct 2013 c4: 18W. Assumes mid-point of salary range as employer NI and Pension costs of 30% of basic pay.

Key priorities in 2015

A Fuel Poverty Champion would hit the ground running. They would have this issue as a key focus, and having been appointed in May 2015, there would be time to get policies in place for the winter of 2015-16.

Publication of available benefits

As over 95% of Winter Fuel Payments are made automatically, the number of people not receiving them is likely to be quite small. However, other benefits are linked to the receipt of a qualifying means-tested benefit. In the winter of 2012-13, around 60% of the total amount paid out in Cold Weather Payments was paid to recipients of Pension Credit. Given that, according to the latest figures (2009-10), the take-up of Pension Credit among eligible households is estimated to be between 62% and 68%, there is some concern that a good number of people may be going without some vital winter benefits that they are entitled to. The amount of Cold Weather Payments going unclaimed could potentially amount to between £40m-55m.⁸

The take-up of Pension Credit is just one example of where we are falling short on providing additional money for heating. It is estimated that 1 in 3 of the 4 million people eligible for it are not claiming.⁹ Many people may not realise they are eligible, or may not realise that this credit exists and also ensures other benefits can be claimed. The figures mentioned clearly show that not enough is being done to publicise the existence and application details of this benefit.

Additionally, the number of benefits aimed at tackling fuel poverty is overwhelming, with different benefits addressing different needs, such as energy efficiency (e.g. Green Deal, Energy Company Obligation), general help with energy bills (e.g. Warm Home Discount, Winter Fuel Payment) or help in extreme weather (e.g. Cold Weather Payment).

⁸ All figures from House of Commons Library.

⁹ Pension Credit, Age UK. Available at: <http://www.ageuk.org.uk/money-matters/claiming-benefits/pension-credit>.

Furthermore, these payments or support mechanisms come from different places, usually either the government or energy companies. For the citizen, it is difficult to know what you might be eligible for and where to go to get more information.

A key priority for the Fuel Poverty Champion would be to make this information more widely available. A lot can be found on the internet, but this is not good enough, as those more likely to claim these benefits are also less likely to use the internet. For example, half of the 8.7 million adults who have never been online live in social housing.¹⁰ 54% of those who have never used the internet have a disability.¹¹ There are almost half a million pensioners in Scotland who have never used the internet.¹² For this reason, we need a real offline push to advertise the availability of these benefits.

The current budget for publicising benefits is significantly smaller than it has been. The amount spent on informational leaflets about all benefits and pensions was £10.3 million in 2005, dropping to £1.26 million in 2010 and to £0.41 million in 2012.¹³ Money that is spent by this government is also being spent badly. The firm that was used to advertise the Green Deal was fined £45,000 for nuisance calls, for example.¹⁴ Clearly, the approach to publicising these benefits has been misjudged, reducing paper leaflets, which have proved very effective in the past, and instead relying on a tactic that can be frightening for some more vulnerable people.

10 I. Sim, Why a digital inclusion strategy is now crucial for social landlords , *Guardian*, 12 April 2013. Available at: <http://www.theguardian.com/housing-network/2013/apr/12/digital-inclusion-strategy-social-landlords>.

11 Internet Access Quarterly Update, Q3 2013 , *Office for National Statistics*, 13 November 2013. Available at: <http://www.ons.gov.uk/ons/rel/rdit2/internet-access-quarterly-update/q3-2013/stb-ia-q3-2013.html#tab-Disability>.

12 Answer to Written Parliamentary Question, HC Deb, 17 January 2013, c896W.

13 Answer to Written Parliamentary Question, HC Deb, 6 January 2014, c60W.

14 S. Poulter, Marketing firm promoting Government Green Deal to improve household energy efficiency is fined £45,000 for making thousands of nuisance calls , *Daily Mail*, 8 July 2013. Available at: <http://www.dailymail.co.uk/news/article-2358239/Marketing-firm-promoting-Governments-Green-Deal-improve-household-energy-efficiency-fined-45-000-making-thousands-nuisance-calls.html>.

A pragmatic vision for a progressive Scotland

The Fuel Poverty Champion would be given some of the budget from the Department for Work and Pensions, which would be increased to re-incorporate a budget for informational leaflets, and creating effective and targeted leaflets for those in fuel poverty. Any additional income would give these people the confidence to turn their heating on in the colder months. They need good quality information to be able to get the maximum amount they are entitled to.

Cold Weather Payments

Cold Weather Payments are automatically made when the weather is forecast to be an average of 0°C for a period of seven days. They are made between November and March each year. They are important because people choose between heating and eating during cold periods: a recent study showed that in cold weather shocks, poorer households reduce their food expenditure by 7.2%.¹⁵ In Scotland, you might expect that the payments were made often, given the cold winters we are used to. But I was shocked to find out that no cold weather payments were made in my constituency in the winters of 2011-12 or 2012-13.¹⁶

As mentioned above, in part this could be because people who are entitled to claim are not doing so. But the criteria for cold weather payments are extremely strict. Seven days at an average of 0°C is extremely cold. In the weeks leading up to the payments to other parts of the country in March 2013, there was a seven day period in my constituency where the average temperature was 1.57°C. During this time, the thermometer recorded much lower temperatures of -3°C, -4°C and even -8°C one day, yet, no payment was made. But it is estimated that for every one degree drop in average temperature, there are around 8,000 extra deaths.¹⁷

15 T.K.M. Beatty, L. Blow and T. F. Crossley, Is there a heat or eat trade-off in the UK? , *Institute for Fiscal Studies working paper 09/11*, June 2011. Available at: <http://www.ifs.org.uk/publications/5602>.

16 Information gathered from written parliamentary questions.

17 M. Mitchell (Age UK) in N. Rao, '30,000 could die from extreme cold', *Daily Express*, 25 March 2013. Available at: <http://www.express.co.uk/news/uk/386748/30-000-could-die-from-extreme-cold>.

This is a key issue for people in Scotland, where the temperature falls particularly fast. For this reason, raising the temperature at which cold weather payments are automatically made to 2°C would make a huge difference. This would still be an average over seven days, and therefore a difficult threshold, but might offer the opportunity to capture some of those bitterly cold days.

Alternatively, we could base the payments on heating degree days, as suggested by the Institution for Gas Engineers and Managers.¹⁸ This would take into account days when the outside temperature is lower than the inside temperature, and for how long. If we set an agreed upon standard temperature for homes in the UK, the Government could pay out when the temperature becomes so low that an excessive amount of energy is needed to heat it to an acceptable temperature.

We also need to increase the duration of eligibility for these payments, as a priority for Scottish citizens in particular. The Institution for Gas Engineers and Managers explained to me how much more important they are in the north, saying: 'the cold weather payments are small and do not take account of persistent cold weather as experienced in many areas of the Northern UK and Scotland. Average temperatures in such areas are lower and heating seasons are longer, sometimes by months'.¹⁹ We see more and more examples where there are cold weeks outside of the November to March period, and it is unacceptable to let people shiver in their homes on a cold April day.

Reforming cold weather payments is something that would immediately help those in fuel poverty while reforms of the energy market take place. A Fuel Poverty Champion would recognise this and bring these changes forward as a matter of urgency.

18 Out in the Cold: IGEM Inaugural Report on Fuel Poverty, *Institution for Gas Engineers and Managers*, November 2011. Available at: <http://www.igem.org.uk/media/146497/igem-fuel-poverty-2011-web.pdf>

19 *Ibid.*

Winter Fuel Payment

The Winter Fuel Payment is a great legacy of the Labour government and I am proud that we prioritised caring for elderly people at the time of year they fear the most. Elderly people are often afraid to go outside in cold weather and it is only right that we protect them in their homes. The payment not only provides the financial support needed to be able to turn heating on; it also gives the many pensioners on low incomes confidence that they can afford to keep their heating on for as long as they need to.

The Winter Fuel Payment at 'standard' rates is worth between £200 and £300 per eligible household, depending on the age of recipients. In the last years of the Labour government, additional payments worth £50 (or £100 for households where the oldest person was 80 or over) were made alongside the standard rate. The Coalition chose to uphold the last Labour budget and made the additional payments in the winter of 2010/11, but they have not been made since, and by 2015 the Winter Fuel Payment will not have increased in four years.

Since this government came to power, energy bills have increased 37%, and by 2015, they are likely to be even higher.²⁰ The Labour Party is right in tackling the level of price increases and the competitive practices of the big energy companies and this also needs to be linked to achieving greater energy efficiency to allow us to better control domestic prices in real terms.

A key first step for a Fuel Poverty Champion will be to analyse the impact of the current fiscal benefits and provide recommendations on how they can be adapted and reformed so we can reduce fuel poverty.

Key priorities for the 2015-20 Parliament

Joint Departmental Solutions

In the long term, the Fuel Poverty Champion would continue to work on short-term projects, but would also take the lead on the issue of

20 J. Doward, Energy bills rise by 37% in three years , *Guardian*, 16 November 2013. Available at: <http://www.theguardian.com/money/2013/nov/16/energy-prices-rise>

fuel poverty in government and coordinate the many departments that work on this issue.

Fuel poverty officially comes under the remit of the Department for Energy and Climate Change. Currently the Energy Minister, Greg Barker, is responsible for this issue, as well as energy efficiency and some of the benefits, including Warm Home Discount and Warm Front. While energy companies are responsible for administering the Warm Home Discount, for example, they undertake a data matching exercise to identify vulnerable households, in collaboration with a different department: the Department for Work and Pensions.

The DWP is also responsible for administering Cold Weather Payments and Winter Fuel Allowance. While these are benefits, which would clearly come under the remit of this department, there is also an element of reducing fuel poverty. A Fuel Poverty Champion would provide a clear lead over issues such as this that cross departments.

The Fuel Poverty Champion would also encourage further data sharing across departments to identify households in the most severe fuel poverty. They could be a point of contact for energy companies, trying to find fuel poor households. As the Fuel Poverty Champion is a Member of Parliament, they could also liaise with parliamentary colleagues who could point out the target areas in their constituencies. I have been an MP for over thirteen years, and not once has an energy company asked if I can help with identifying vulnerable customers in my constituency and yet, like many MPs, I have detailed knowledge in this area. I wrote to the bigger energy companies and organised events in some of the poorer and more elderly areas in my constituency, and I think a Fuel Poverty Champion could arrange this on a far greater scale. One of their long-term projects may be to look at how to bring together all these elements and create a much more detailed analysis of fuel poverty in the UK at government level.

The Labour 'Energy Price Freeze' policy also works closely with the issue of fuel poverty. As I have mentioned many times over the last five years or so, the high prices of energy companies which continue to reap huge profits, are driving millions into fuel poverty. Between 2007

A pragmatic vision for a progressive Scotland

and 2013, gas prices have risen by around 41%, and electricity prices by 20% in real terms.²¹ As the majority (77%) of Scottish households heat their properties with gas, these price rises should have a disproportionate effect on Scots.²² According to Ofgem, profits of the 'Big Six' have increased by 75% and they are five times higher than in 2009.²³ There is clearly no reason for energy companies to raise their prices and it simply makes it harder for people to pay their bills. It is therefore imperative that the energy price freeze would be used as an opportunity to re-structure the energy market and bring real competition to it.

The way in which energy companies deal with vulnerable customers should be addressed. Enforcing companies to provide additional money to these customers is good, but is simply not working effectively. I have been responsible for this issue as part of my work with the Energy and Climate Change select committee. I have met with companies to see how they can help the vulnerable people who eventually disconnect their homes from prepayment meters due to not being able to afford to top-up. But this should be done at ministerial level. The Coalition does not care about these customers, but a Labour government would.

A Fuel Poverty Champion would work with the Department for Business, Innovation and Skills to try and improve corporate behaviour towards those customers who simply cannot pay. They should also take a seat at the table when the next Labour government re-structures the market, to ensure that fuel poverty is prioritised in this

21 Estimated impacts of energy and climate change policies on energy prices and bills , Department of Energy & Climate Change, London, March 2013. Available at: <https://www.gov.uk/government/publications/estimated-impacts-of-energy-and-climate-change-policies-on-energy-prices-and-bills>.

22 G. Mueller, J. Robertson, M. Guagnin, M. McMenemy, P. Cairns, Scottish House Conditions Survey 2012: Key Findings , *Directorate for Housing, Regeneration and Welfare*, Edinburgh, December 2013. Available at: <http://www.scotland.gov.uk/Publications/2013/12/3017>.

23 S. Hawkes, Profits at Big Six energy companies have rocketed since the financial crisis began , *Telegraph*, 25 November 2013. Available at: <http://www.telegraph.co.uk/news/politics/10472758/Profits-at-Big-Six-energy-companies-have-rocketed-since-the-financial-crisis-began.html>.

re-structuring. It should work for everyone, particularly the most vulnerable customers.

When the Department for Energy and Climate Change enacts any legislation regarding fuel poverty, the Fuel Poverty Champion would sit at the table, offering their experience and expertise to Ministers on how the legislation could be effective, and most importantly, fair.

Working with devolved administrations

As with the UK Government, the responsibility for fuel poverty is not clear across the devolved administrations. Focusing on Scotland, we can see the issues. As an example, the encouragement of energy efficiency is a devolved matter, while regulation is reserved. Fuel poverty is devolved, but cold weather payments come from the UK Government.

The Scottish Government allocated £65 million to tackling fuel poverty and improving energy efficiency in 2012-13.²⁴ Clearly these issues are devolved, but the lines separating the devolved aspects and reserved aspects are blurred. Equally, local councils are also involved in some issues that affect fuel poverty. Glasgow City Council, for example, has overseen and part-funded the development of G-HEAT, which offers independent advice on reducing fuel bills and making more effective use of the money they spend on fuel. They are also responsible for improving social housing stock, which is often energy inefficient and therefore costs more to heat.

It would be a difficult job for the Fuel Poverty Champion to coordinate devolved administrations across the UK, as well as local councils, and this makes it vital that he or she has administrative support. The Fuel Poverty Champion should create a forum to share best practice and, more importantly, ensure measures are not being repeated. The £65 million spent by the Scottish Government should be spent as

24 Scottish Government Spokesperson in R. Dinwoodie, 'Feeble' SNP blamed as fuel poverty soars, *Herald*, 2 September 2012. Available at: <http://www.heraldscotland.com/news/home-news/feeble-snp-blamed-as-fuel-poverty-soars.18764532>.

A pragmatic vision for a progressive Scotland

effectively as possible, and not be used to duplicate measures by the UK government, or individual energy companies.

Enabling and encouraging data sharing

While a lot could be done within government and Parliament to identify fuel poor and vulnerable households, the energy suppliers themselves are not always able to access information on vulnerable customers. They are obliged to offer services to vulnerable customers, but they could do this much more proactively if able to call up households they think are vulnerable.

The definition of 'vulnerable' can also vary across suppliers, distributors and local authorities. The Energy and Climate Change select committee is attempting to draft a Code of Practice to include a definition. But differing definitions of vulnerability may determine where information can come from and what is needed.

Long-term vulnerable customers, such as the elderly and disabled, can often be identified by records held by the Department for Work and Pensions and local councils. Some localised charities may also have detailed information on this. The Thomas Fortune Centre in my constituency will have detailed information about local people with disabilities and St. Margaret's Hospice in Clydebank nearby will know the people in the surrounding area who are having a difficult time. Local Citizens Advice services across the country are well-placed to identify many of these vulnerable people and while energy companies do talk to them, they cannot access the detailed information that would allow them to target the need required, due to the Data Protection Act.

There are also other some others who are vulnerable for only a short period of time. Examples of this may be new parents, who have a small baby in the house, or those with an illness who are housebound for maybe a few weeks or months. While their situations are not permanent, they are heavily reliant on energy for this period and may even be considered fuel poor for this amount of time. They may need additional support, and they may need additional help in the event of

a power shortage. These people are very transient and difficult to track down. GPs are key people who could help here. They may be able to identify these people, as well as people with more long-term illnesses that could use some support.

Energy companies say they are keen to have more sharing of data. They cannot help vulnerable customers, and possibly fuel poor customers, if they do not know where they are. But while we do need to encourage them to go to these people, they have told me that when they have asked about vulnerable customers, they have been unable to retrieve data due to the Data Protection Act. This Act was brought through for all the right reasons, but there needs to be some way to ensure it can be flexible enough to help these people.

The Data Protection Act is currently preventing organisations and local councils from sharing information that might be useful in identifying vulnerable customers. In the Act, the 'physical or mental health or condition' of a person is considered sensitive personal data, meaning more stringent conditions need to be met to share this information. There are occasions where data can be shared, mainly in emergency instances. For example, the police, fire services and local councils will share data in order to plan for helping vulnerable people in an emergency situation, or A&E departments can be given access to information in order to respond to an emergency.

Energy companies themselves are also able to share information in the event of a disconnection if they believe customers may be vulnerable and may be negatively affected by the disconnection. It is worth noting that many companies say they will not disconnect vulnerable customers, but this provision is there if needed.

However, the Act does not extend this for non-emergency situations. In the Information Commissioner's Office's guidelines, under the heading 'Emergency response planning', it says that 'the DPA does not prevent organisations sharing personal data where it is appropriate to do so. Factoring the risks involved in sharing data is particularly

A pragmatic vision for a progressive Scotland

relevant in this situation'.²⁵ I do not see any reason why this same principle cannot be extended to non-emergency situations, with the provision that it is ultimately for the wellbeing of vulnerable customers.

If we were able to change this, then we could expect the energy companies to do so much more. They may be able to do more effective energy profiling than what is currently being done. Energy companies could offer targeted support to those who are struggling with paying their bills. They would no longer need to rely on vulnerable customers getting in touch with them.

A Fuel Poverty Champion could look at this as a long term project. They would work with the Cabinet Office to see how the Data Protection Act could be amended to make it more flexible. They could also work with other government departments to see if there was anything further they could share under current rules. Finally, they would be responsible for working with Ofgem, or a new regulator created under a Labour government, to ensure that each energy company is speaking to each and every one of the interested parties that may be able to help them with this: Citizens Advice Bureaus, local charities, councils, GPs, elected representatives and others.

Conclusion

Fuel poverty is something we hear about the media and seems to affect huge numbers of people in Scotland and the rest of the UK. It is defined by the amount of money spent on energy, but almost always encompasses vulnerable people; those people that we in the Labour Party seek to protect. A lot has been done to try and reduce fuel poverty, but it is disjointed and hidden under the energy policy umbrella. We know this is a complex problem and, when we enter government, both in Scotland in the UK, we need to take the lead on it.

A Fuel Poverty Champion would have a big task ahead of them both in the short term and the long term. But it is vitally important that somebody is taking control of coordinating departments, devolved

25 Data sharing code of practice , *Information Commissioner's Office*, 2001, pg. 22.

A REAL STRATEGY TO TACKLE FUEL POVERTY

administrations, charities, energy companies and Ofgem. All take an interest in fuel poor and vulnerable customers, but all also have competing duties.

The re-structuring of the market will no doubt help those in fuel poverty, but will not solve the issue. The new energy team in government will have their hands full overhauling the market, and so need somebody there to keep an eye on this crucial issue.

Everybody worries about being cold and not being able to afford to put the heating on. So we should go into the next election with a real strategy, and a dynamic person, to tackle fuel poverty.

A DECENT DEAL FOR WORKERS

Jim Sheridan MP

I have been a trade unionist for decades and have lived through some of the darkest times. But I have been truly saddened over the past few months by the distrust that continues to exist between management and employees. Grangemouth is a true black mark on industrial relations in this country, with employees being held to ransom over decisions being made by those with nothing to lose.

Countries across the EU have mandatory systems in place to give employee representatives a place on company boards. It is a system that is, in principle, good for business, good for consumers and, most of all, fair for employees.

Board level decisions have a huge impact on employees. It is obvious that they should have a say in the decision-making process. This, in turn, would help employers make good decisions that work for everyone in the business, not just the directors.

Grangemouth affected us in Scotland more than anywhere else, and it therefore seems appropriate that we would trial a system of worker representation on boards here first in the UK. This essay is based on interviews with colleagues in Sweden, and I believe we have a lot to learn from their approach. The Swedes have had legislation in this area in place since 1973, and we can take aspects from their system and apply it to our own. I propose the creation of a pilot scheme for worker representation at board level in selected workplaces in Scotland, with a view to learning how this policy could be put into practice across the UK economy.

The State of a Nation

The UK today is a very different one to that of the 1970s, when Sweden first legislated in this area. For one thing, union membership

has dropped dramatically since its peak in 1979, when over 13 million Brits were members of a union. Today that number has stabilised at just over 7 million.¹ Today's new entrants into the job market are not necessarily introduced to the concept of trade unionism and the media's portrayal of trade unionists does not help the declining numbers. I say this not because I am a committed trade unionist (I am, and I of course believe larger numbers of trade union members are a good thing), but because it shows how a collective approach to working life is no longer valued. It is perhaps easier to move jobs, and so people move rather than tackle issues head-on. Or perhaps we have moved backwards, and rather than work collaboratively with our employers, we see them as the master overlord, doing as they say, whether we like it or not.

Undoubtedly, the approach of successive governments towards trade unionism has meant it is no longer central to economic planning. For this reason, we are often faced with governments bringing in less worker-friendly policies. We criticise Thatcher's government for its attack on ordinary working men and women, and rightly so, but this government is mounting its own attack as we speak. Their 'divide and conquer' tactics see the public being separated into shirkers and strivers, and all those on benefits, whether working or not, are patronised and demonised across society. Those in work are seeing their rights weakened, with zero-hours contracts becoming a part of everyday life for 5.5m Britons. According to Unite, 22% of workers employed by private firms are on contracts guaranteeing less than three hours a week.² Health and Safety regulations are seen as unnecessary red tape by a Cabinet that has never had to work anywhere but an office. The Health and Safety Executive is looking at a 35% reduction in its budget and this government has scrapped the Construction (Head Protection) Regulations 1989 and the Tower Crane

1 Trade Union Membership 2012: Statistical Bulletin , *Department for Business, Innovation and Skills*, May 2013.

2 S. Butler, Zero-hours contracts: 5.5m Britons are on deals offering little guaranteed work , *Guardian*, 8 September 2013. Available at: <http://www.theguardian.com/uk-news/2013/sep/08/zero-hours-contracts-unite-survey>.

A pragmatic vision for a progressive Scotland

Regulations 2010, to name just a few of their needless attacks on our vital health and safety legislation.

It is obvious that big business has big influence in this government and is free to attack employees as it sees fit. In Grangemouth, workers were held to ransom and forced to accept a pay freeze, a reduction in their pensions and they agreed to hold no strikes for three years. The fact that Ineos could offer an ultimatum in this way – ‘accept our changes, or lose your job’ – says to me that it is time we found a better way for management to work with employees.

It seems to me that including employees in the decision-making process at the start would make boards think about the impact of their decisions on employees. Workers are also far more likely to accept tougher business decisions when they feel that they have been consulted first. All companies need to make hard choices at some point, but UK business culture too often pits management against workers, creating a hostile environment that is no good for either side.

Sweden: a model to work from?

Sweden, like the UK, has a monistic (meaning boards comprise a single tier) model of corporate governance. The Board Representation Act was introduced in 1973 and gives private sector employees the right to be represented on company boards. Today, employees of companies with 25 or more employees are entitled to two representatives on the board of directors and one alternate for each of these members. Employees of companies with more than 1000 employees are entitled to three representatives and three alternates.

Board representatives are chosen by a local employee organisation that is bound by a collective bargaining agreement with the company. In practice, trade unions elect a representative to sit on the board on their behalf. There are rules in place which determine which trade unions are entitled to appoint a representative, depending on what percentage of employees are represented by them.

Employee representatives have the same duties and responsibilities as the other directors on the board. They are therefore accountable to

shareholders and hold as much legal responsibility for the success and failure of the company as other board members. They are entitled to hold shares in the company.

Researching this essay, I commissioned interviews with key stakeholders in Sweden, who have offered insights into how board level worker representation works for them. Two interviews were conducted with people from Swedish unions: Aleksandar Zuza, from IF Metall, which represents workers in industries such as the plastics, pharmaceuticals, steel, chemical and engineering industries; Ylva Peterson and Tomas Bern, from PTK, the Swedish Federation of Salaried Employees in Industry and Services, an umbrella organisation; and Berivan Öngörur, from Unionen, the largest trade union in the Swedish private sector. One interview was conducted with Tina Jaderberg and Margereta Welinder, employee representatives on the H&M Board of Directors. Finally, representatives were interviewed from two companies, one which would prefer to remain anonymous, and Ingrid Yllmark and Michele Marchesan from Electrolux, a global company with headquarters in Stockholm that specialises in household appliances.

Their advice and experience shows both the benefits that this legislation brings to Sweden, as well as some of the challenges we would need to consider if we were to implement a policy in the UK. A key point, that was often emphasised, is that this legislation is only part of a wider framework for organising relations between unions and companies – one that promotes collaboration at each level of the company. Sweden has a system of sectoral coordination of collective bargaining and 92% of the Swedish workforce is covered by this, in stark contrast to the 35% of UK workers who are. I believe that having workers on boards is not the overall solution, but a small change which could promote better working relationships between employees and managers. It will start the ball rolling towards better overall industrial relations legislation.

Why include employees on company boards?

Having worker representatives at board level is good for employees; those employees who feel downtrodden, who feel like they have no job security and who could contribute to the running of the company much more productively than those who do not know the shop floor. In a survey of worker representatives in other EU countries, one Swedish representative said 'we think of the employees who other board members sometimes forget'.³ Whether these employees are simply forgotten or neglected in these decisions is irrelevant. What we need to see is somebody championing their needs at the top table, giving their views the same weight as those of shareholders and management. But unlike shareholders, it is important to remember that many employees cannot just walk away.⁴ They have trained for that job and so cannot diversify themselves as easily as shareholders. They are key stakeholders, tied to the company, and their voice must be heard.

Company boards in Sweden decide the overall strategic direction of the company, and it is important for workers to have a say in that direction, but the real benefits of worker representation on boards comes from the relationships forged with other board members, and in the advanced overall picture of the company's strategy that workers are privy to. Aleksandar said 'being on the board gives you a full picture, a great foundation for talking with management on strategic issues', and that workers 'like to be as informed as we can. If we can see the reasons behind the decision, it helps in talks with management. We can see the long run'. He did emphasise, however, that representatives take 'an active part in the decision making [on the board] and that most decisions are made with a broad majority . . . they are as involved as anybody else'. The large Swedish company agreed and said 'to avoid conflict it is good. They see the overall

3 M. Gold, 'Taken on board : An evaluation of the influence of employee board-level representatives on company decision-making across Europe', *European journal of industrial relations*, Vol.17 (1), 2011, pg. 49.

4 J. Williamson, *Workers on Board: The case for workers' voice in corporate governance*, *Trades Union Congress*, London, 2013, pg.19.

picture . . . they understand that we have to fix problems otherwise we would have bigger problems'. Equally, Michele Marchesan from Electrolux said the system is a 'beneficial way for the unions to get an appropriate level of information on the Group's strategy. They are involved from the beginning and they are informed of big projects and new activities'. Knowledge is power in this case, and negotiations can take place between equals. I believe that the negotiations and decisions made in Grangemouth would have been far more productive had employees been involved from the very beginning.

Having workers on boards can also have a positive effect on day-to-day issues. Tina Jaderberg and Margareta Welinder at H&M said they have 'better communication with the CEO and can take up difficult issues with him. For example, if we know a big issue that everybody in the office is whispering about, we can go to him about it. Then it is up to him to solve it'. They spoke about the informal discussions they had during the coffee breaks at board meetings, and how they developed relationships with people on the board, including some who they would see outside of the boardroom during their normal working day. In Electrolux, the employee representatives also meet with the Chairman of the Board at least once a year to share their overview of the company with him. Aleksandar Zuza also said that this relationship was positive: 'If we arrange a meeting with senior management, they will open all the gates. They don't feel they have anything to hide'.

The role also offers employees an opportunity for personal development. The large Swedish company said that they 'really enjoy it', even though it involves a lot of work, with ten board meetings a year. Tina and Margareta said they 'learn from other board members' and Ylva Petersen of PTK said it was 'good for their career'. One former employee representative on the Volvo board, Olle Ludvigsson, has since become a Member of the European Parliament. The primary goal of increased employee representation on boards is to strengthen the rights of the workforce, and to create stronger and more united companies, but if the policy can also offer a route to getting more working people into politics, that can only be a good thing.

A pragmatic vision for a progressive Scotland

But having worker representatives on boards is also good for business. It has been found that the use of labour representation can increase the value of firms.⁵ Directors like this system, with more than 60 per cent of the directors and 70 per cent of the chairpersons surveyed in Sweden finding the experience 'very positive' or 'rather positive'.⁶

These employees have a detailed knowledge of the shop floor and operations, and so they become an important source of information for those making decisions. In other countries, it has been found to increase company efficiency.⁷ In a study on German corporate boards, the employee representatives remarked that their key knowledge of everyday business and employee matters made them a specialist on the board, in the same way that other board members were specialists in accountancy or strategy, for example.⁸

The Swedish stakeholders agreed with this. Ingrid Yllmark at Electrolux said 'the employee representatives' experience is in production and not all board members are experienced in this'. The large Swedish company I interviewed has an employee representative sitting on the board's project review committee, which deals with risk management, and 'his experience is very useful on this'. A good example of where employee representatives contribute is through health and safety: 'They would raise their hand and ask how they manage this situation, do we have insurance, do we help out the family etcetera', which helps to solve issues before they became a problem. Tina and Margareta said it was 'crucial to take skills and information to the board. Coming from the floor, we ask questions others have not thought of'. They said that others on the boards are 'experts but they do not see the company from the inside, but the outside. They cannot

5 L. Fauver and M. Fuerst, Does good corporate governance include employee representation? Evidence from German corporate boards , *Journal of Financial Economics*, Vol. 82, 2005, pg. 677.

6 K. Levinson, Employee representatives on company boards in Sweden , *Industrial Relations Journal*, Vol. 32 (3), 2001, pg. 265.

7 Fauver and Fuerst, pg. 674.

8 Gold, pg. 53.

always pinpoint what is wrong, but employees can because they hear ideas from their colleagues’.

The reception to this from Chairs and CEOs from other countries has not always been positive, with some limiting board meetings to once a year, according to PTK. However, Aleksandar Zuza at IF Metall said that some US board members, who are used to having difficulties with unions, ‘say the best bit about the board in Sweden is getting to talk to the guys in the unions because they can tell how it actually is’.

Better employee representation at board level is good for business, as it improves relations between the workforce and management. Workers can help negotiate productive solutions to upcoming problems before they get worse. Michele Marchesan at Electrolux said ‘it makes the company think from the beginning about all the implications of what you do and plan in advance, rather than taking the issues to the unions afterwards and saying “this is what we have decided”’. In times of poor performance, employees are likely to be more aware of the troubles of the company and may offer concessions, but they will equally expect returns when the company is doing well.⁹ Tomas Bern at PTK said having employee representatives ‘helps the company board; it makes it easier for them to convince people this is the only way’ when there are issues. Michele also said ‘the main benefit for the company is that it allows the company to develop a mature relationship with the unions’, showing this relationship is important for both sides in Sweden. Crucially, having a representative on the board offers the opportunity for consultation early on, and a survey found that in these cases both sides tend to be more realistic about the issues at hand.¹⁰

The business also benefits financially. Fewer days are lost to strike action. As Aleksandar said, ‘if we were to strike it would have to be a principal issue’. In 2008, Sweden had only three strikes, while the UK

9 Fauver and Fuerst, pg. 680.

10 Gold, pg. 50.

A pragmatic vision for a progressive Scotland

had 144.¹¹ No workers like to strike; it is always the very last option and a huge deal for those involved, so this comparison shows how much more effectively Swedes manage differences between employees and management. They come to more compromised agreements early on, and negotiations with the unions result in strike action far less frequently. It must be stressed that this is not solely due to having employees on the board. As Aleksandar said 'in Sweden we have this continuous dialogue' and in part this is due to the co-determination legislation, where employers 'are not forced to agree to anything but they are forced to sit at a table and listen', as explained by Tomas. This initial legislation could pave the way to a more collaborative approach.

76% of UK employees are in favour of employee representation on boards, according to a Survation poll.¹² People are beginning to recognise that we get better results if a company board is representative of its workforce. I think we are all in agreement that we need more women on boards, and many see that it would be good for employees and the workforce. The difference between having women and employees on boards, however, is that employees will never be at the board level unless we change the rules.

What are we up against?

The UK has consistently resisted the move to employee representation on boards currently adopted by fourteen of EU member states.¹³

A key argument against having workers on UK boards is that we have a monistic system, rather than a dual system, which sees two tiers of directors on company boards. Sweden, also has a monistic board structure, but the board plays a different role to that in the UK. The Swedish board has overall responsibility for the direction and strategy of the company, while in the UK, this role is taken by the management

11 Labour Statistics Database , *International Labor Organisation*. Available at: <http://www.ilo.org/global/statistics-and-databases/lang--en/index.htm>.

12 'Public Support Employee Representatives on Boards', *Survation*, 13 February 2013. Available at: <http://survation.com/2013/02/public-support-employee-representatives-on-boards>.

13 Williamson, pg.20.

team. However, Ylva did explain that in different companies, decisions are made in different ways, perhaps at the division level, and 'we need to think what type of company we are working in; where can we have the biggest impact?'

Some say there is additional burden in including employees on the board. There is indeed evidence that smaller boards are more effective.¹⁴ But evidence from Swedish employee representatives shows that corporate leaders and representatives are capable of co-operating in a way that is of benefit to all.¹⁵ In terms of cost, there seemed to be limited examples of employee representatives receiving board fees, and the three companies interviewed did not pay employee board members specific board fees, but there were examples of representatives receiving a small salary for reading the material in their free time. Companies did pay for travel, as well as for the employee representatives to go on board trips (which was no different to other board members). There would be a very small cost for providing extra papers to the members, and the large company provided the representatives with iPads so they could access the papers that way. Overall, however, the large Swedish company said, 'there are not really any inconveniences in having employee representatives at all; not a problem for the company at all'.

Some have voiced concerns about the risk of confidential information being leaked. I don't think these fears are warranted; we are trying to improve relations between employees and the board, and I am confident that employees would respect this additional responsibility. Evidence from other countries show that they are very rarely tempted to breach confidentiality.¹⁶ Ingrid at Electrolux had 'never heard of any issues with the sharing of sensitive information' and there are laws in place regarding the leakage of sensitive information. Despite this, and

14 House of Commons Library.

15 K. Levinson, 'Employee representatives on company boards in Sweden', *Industrial Relations Journal*, Vol. 32 (3), 2001, pg. 274.

16 Gold, pg. 51.

A pragmatic vision for a progressive Scotland

despite the positivity towards this law in general, PTK did say that smaller companies were not always as welcoming to it, for this reason.

I would argue, however, that if representatives are tempted to leak information, then this may suggest that the company is up to no good. But this information should be shared through whistle blowing, rather than through union channels. These regulations should be accompanied by legislation on confidentiality, to ensure the board works effectively, and employee representatives can be treated as useful partners.

A key challenge for employees who sit on the board is the fact that they have as much legal responsibility for the company as others on the board. This is a lot to take on, and PTK had seen examples where debt collectors had come to these employee representatives when the company had not paid. Officially, they would be responsible for paying this debt, or for any unlawful behaviour by the company. The law would protect them if they hadn't done anything wrong, but this would be in court. PTK knew of one example where an employee representative had been in court, for breaches in environmental law, but in this case they were entirely aware of what had happened. It is certainly something to consider, and should also be made very clear to employees who take on this role.

Interestingly, when I held an adjournment debate on this subject in November 2013, the Liberal Democrat Minister was not wholly against the idea, but instead stressed that she would rather that companies implemented employee representatives on to their boards voluntarily rather than through mandatory legislation.¹⁷ Many of the interviewees disagreed that this would work. Ylva said that there needs to be legislation in place and it 'wouldn't happen otherwise'. She cited an example where lawyers in Sweden are trying to prove that the European Works Councils fulfil this role, but she entirely disagrees. Tina and Margareta said that 'some companies do not see the need for it; this is a pity because they are losing something'. Aleksandar said that 'the good companies see the value in it' and for this reason I think

¹⁷ HC Deb, 26 November 2013, c68WH.

it should be mandatory. The good companies, who probably already consult with employees in one way or another, are unlikely to get as much benefit from it than those who would not be as receptive to this idea.

What would a trial in Scotland look like?

It was highlighted by Swedish colleagues that there are differences between British and Swedish boards, namely what I have already mentioned; that the board in Sweden makes the strategic decisions, while in the UK, these decisions are made by management. However, there are certainly aspects we can take from the Swedish model to pilot in the UK.

A UK Labour government in 2015 could pilot the same criteria from Sweden in Scotland. All employees working in companies with 25 or more employees would be entitled to at least two representatives on the board, while those in companies with more than 1000 employees would be entitled to at least three representatives. As in Sweden, this would apply to multinationals with offices outside of Scotland and the UK, and the number of employees needed to meet the criteria would refer to the global company and not just operations in Scotland.

Some may say there would need to be safeguards in place to ensure Scottish companies do not move to England to avoid the regulations. For this reason, there would need to be a public information campaign, and it would be helpful to have other global companies working with Scottish companies to show them the benefits of this policy. This campaign would be one of only a few parts of this policy that would incur costs for the government.

Like in Sweden, company auditors would ensure there is compliance with the regulations, and companies would incur a fine if they did not comply. This money could be spent on assisting with training programmes for employee representatives, which I will explain below. Under Swedish law, employees are eligible to claim damages if these rules are breached, but it may be more productive to spend the money on ensuring the success of the regulations.

A pragmatic vision for a progressive Scotland

Most importantly, the pilot must be given a substantial amount of time to be effective. Tina and Margareta said they 'were positively welcomed' to the H&M board, but 'it takes a year before you feel routined and comfortable'. Similarly, Ylva said that when they have followed up with board members PTK had trained, 'they say the more they know, the more they feel secure about finance figures and laws, they feel more comfortable and speak up on the board'. I would therefore recommend that the pilot took place over a five-year parliament. An effective pilot needs this amount of time, as well as continuous monitoring of progress throughout.

Businesses might naturally be wary of bringing employees into the boardroom, so the regulations would need to be accompanied by legislation regarding the leakage of sensitive information. As in Sweden, if a representative were to pass the information on to anybody, they alone would be responsible for that result. If it ended up in the press, or in the hands of competitors, they would be liable.

It would be extremely important to promote good training of employee representatives from the very beginning. Unions could be responsible for this, or it may be provided by companies or government. There may be a cost involved here. Employees take on a massive amount of responsibility in this role, and as Ylva said, 'we need to get to employees as soon as possible so they know what responsibilities they have. We train them so they are actually talkative [during board meetings]'. During nine day courses with PTK, board members learn about the role; different laws, such as environmental or bookkeeping; basic finance and how to read a balance sheet; analysis of key financial figures; strategies and different ways of working. To get the most out of this opportunity, and to ensure employees understand their legal responsibilities for the management of the company, this training would be crucial.

Electrolux also provides its own additional training. The day before each board meeting, the CEO will meet with the employee representatives to give them an overview of the general situation of the company, and the CFO will give them an overview of the

presented figures in the board papers to help them prepare. They also offer regular English language training, as this is the working language of the company. I think these are good examples of how the company could offer personalised training, and this shows that companies see training employee representatives as a worthwhile expenditure.

In Sweden, different unions have the right to elect representatives based on the percentage of members they have in the company. In fact, PTK organises 'PTK locals', where all white-collar unions get together and elect the most appropriate candidate from amongst them all. They have agreements between themselves regarding the numbers of white collar and blue collar trade union representatives sit on boards, but if there is disagreement, there is legislation in place. I believe a discussion would be needed with trade unions on how they think this would work best in our workplaces, and what would be the fairest way to do it.

Finally, Michele Marchesan at Electrolux warned that 'all the positive aspects are because it is in Sweden. If you were to replicate it in another country, you would need to adapt it to the context'. This pilot would be a good way to test this, and it should also be flexible, so we can learn what works and what does not; it should be adapted to work best in our own country.

Conclusion

The interviewees said that, while there is discussion about how this works in Sweden, it is very much accepted. Ingrid at Electrolux said '[I am] surprised to get the question [about the issue], it hadn't even crossed my mind. I've never known anything else'. As the large company explained, questions may be more within unions about how employee representatives take the information back to the union, or whether they have the right representatives.

But overall, I would like to see this become an accepted part of British business. I believe if we begin to engage employees at all levels, we can set up a much better working relationship between them and their employers. We can promote respect on both sides and strategies that

A pragmatic vision for a progressive Scotland

work best for everyone. We have a lot to learn from Sweden, and a 2015 pilot could take the best from their system and begin to pave the way for a more collaborative industrial strategy.

When Tina and Margareta were asked what advice they would give the UK, they said: 'make it happen'. So let's take the leap, and make it happen.

Please note, the quotes from representatives of PTK are based on uncorrected evidence and have not been confirmed by the interviewees.

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Edited by Ann McKechin MP

With contributions from Brian Donohoe MP, Rt. Hon. Tom Clarke CBE MP, Sheila Gilmore MP, Mark Lazarowicz MP, Ann McKechin MP, Iain McKenzie MP, Ian Murray MP, Sandra Osborne MP, John Robertson MP and Jim Sheridan MP.

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