

Priorities for Scotland's Next First Minister

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Priorities for Scotland's Next First Minister

The next First Minister will have just over three years in office before the Holyrood election in 2026. They will inherit an overflowing in-tray, including problems requiring immediate action and those where discussion about much needed long-term reform must begin in earnest. We have identified the following as priorities:

Immediate:

- Re-set the relationship between the Scottish Government and the business community
- Scrap the National Care Service and establish a new social insurance fund to pay for social care, including 'hotel costs'.
- Reform of education bodies
- A clear, detailed and realistic route map to Net Zero (including addressing current issues around DRS and the oil and gas industry)

Begin long-term reform:

- Reform the NHS with the only non-negotiable being that it remains free at the point of use
- Revitalise local democracy
- Further and higher education reform
- Broaden the tax base

Evaluate:

- Better data to enable analysis and monitoring of progress across all areas. Try, analyse and learn.

Immediate

Re-set the relationship between the Scottish Government and the business community

A thriving business community is essential to Scotland's welfare. It is where new jobs are created, where economic growth occurs, and where tax revenues are generated. And yet a continued complaint during Nicola Sturgeon's tenure has been of a poor relationship with the sector. The Advisory Group on Economic Recovery even called for "urgent action" to fix it, but there has been little sign of this.

The next First Minister must urgently re-set this relationship. They need to listen to, and work with, the business community. Equally, those from the sector who do not normally engage with government must begin to do so. Through being innovative and responsive, working sector by sector and/or issue by issue, there is great potential for growth in the Scottish economy, but the Scottish Government alone cannot deliver it.

A key part of these discussions should focus on skills, linking into the higher and further education sectors. Scotland needs to produce the right skills balance that attracts companies to invest here and encourages those that are here to stay and thrive.

This partnership working is crucial not just within Scotland, but between the UK and Scottish Governments. Both have a degree of responsibility over the economy and have their own policy programmes. For these policies to be as effective as they can, the UK and Scottish Governments must work in tandem, not against each other. There are plenty of examples of good practice, such as the development of green freeports, and this needs to become the norm. Regardless of views on the constitution, there are currently two governments which shape growth in Scotland and the more they can work together, providing certainty and clarity to the business community, the better.

Scrap the National Care Service and establish a new social insurance fund to pay for social care, including 'hotel costs'

Current legislation aims to address the problems identified in the Feeley report with regard to the separation of health and social care. At present, Scotland has 31 Integration Authorities, 32 councils and 14 health boards involved in the delivery of care. However, in 1999 we had 79 Local Health Cooperatives, which were replaced by Community Health Partnerships (CHPs) in 2004. The CHPs were then abolished by the Public Bodies (Joint Working) (Scotland) Act 2014, which led to the creation of the 31 Integration Authorities (IAs).

What makes the NCS and local care boards any different to previous attempts to improve joint working? What is different this time that will lead to an actual improvement for users and staff? Ultimately, social care and healthcare will still be delivered by two different bodies.

Scotland is a hugely diverse country and there is no way that the same social care could be applied in the same way across the whole country. There has not been adequate explanation about why simply removing local government from social care will lead to an improvement in delivery. The loss of local understanding and accountability, especially in more rural areas, were highlighted as risks of the proposals during the consultation process.¹ These important questions remain unaddressed. Social care cannot be one-size-fits-all – it should be a case of adapting, evaluating and learning.

Reform Scotland is concerned that all focus and debate around reforming social care is being placed on the creation of the NCS, with little discussion about the growing costs facing the sector and how those will be met. A new structure alone will not solve this crisis and there is a danger that without dealing with these additional challenges, the creation of the NCS will end up as simply the latest failed attempt to improve the integration of health and social care.

Reform Scotland believes that 1p should be put on all income tax levels in Scotland in order to start implementing the reform that is needed now. However, there also needs to be a more sustainable long-term system for funding social care in Scotland. Increasing income tax maintains the current pay-as-you-go model of funding social care, whereby today's taxation pays today's expenditures. But that is not sustainable in the long term - we have an aging population and as a result there are likely to be increasing demands made on social care, alongside a proportionately smaller workforce from which to generate revenue. A new model for paying for social care needs to be developed, spreading and sharing risk across the widest group of people, and be easily understood by the public. This could be in the way of a salary sacrifice scheme, similar to childcare vouchers, or another method. Reform Scotland believes that the Scottish Government needs to establish a cross-party body to develop this long-term solution.

Reform of education bodies

The Muir report called for Education Scotland and the SQA to be replaced. However, new agencies cannot simply be established through a reshuffling of existing personnel, perpetuating the existing culture. There needs to be fundamental change in the culture of Scottish education and particularly in the way in which it is managed. This should include changes to responsiveness and ensuring the culture is more customer-focused. All agencies should include a number of practising teachers working on a secondment

¹ [Policy memorandum accessible \(parliament.scot\)](#) P15

basis. This would help open up agencies to other voices and experiences which are currently locked out.

Strategic curriculum guidance should be developed collaboratively with extensive stakeholder involvement but should be seen clearly as the responsibility of government rather than a supposedly arms-length agency. The unintended consequences of extending Broad General Education to S3, with the subsequent reduction in subject choice in S4 that Reform Scotland and others have highlighted, must be addressed.

Resources available for developing advice and delivering support should be progressively devolved to school level, allowing school staff to select those providers they see as offering the best quality service.

An independent inspectorate should be established, overseen by a board independent of government influence and answerable to Parliament. The focus of the inspectorate's activities should be as much about evaluating the effectiveness of policy as it is on implementation at the level of the individual school or other establishment.

In order to improve standards in Scotland's schools the Scottish Government first needs to be honest and accept that standards have fallen relative to other countries and that there has been little progress made in closing the attainment gap. Reinstating Scotland's participation in the TIMSS and PIRLS international studies, along with a replacement for the Scottish Study of Literacy and Numeracy, would help measure the work that needs to be done. Creating an education statistics body could help monitor the system objectively, while data, analysis and further external evaluations are required to learn lessons of what has gone wrong. It is vital to empower schools, but making better use of data and evaluation will help develop accountability for outcomes.

A detailed route map to Net Zero

The Scottish Government's commitment to Net Zero is to be welcomed and we hope that ambition remains. However, ambition, 'targets' and 'visions' alone are not enough. The Scottish Government's current energy strategy, particularly with regard to the demand side, reads more like a wish list than a detailed route map. Difficult policy decisions and vastly improved public engagement and education are required. Reducing demand will not be easy and it will require changes to the way people heat their homes. Such changes will not always be popular, and it is therefore important that their urgency is clearly understood.

Change will also not happen without regulation. The Scottish Government has indicated that it will ban gas boilers for new buildings from 2024, but why are we waiting until then? There are undoubtedly problems to overcome with regards to retrofitting existing buildings, but given we know *now* that we need buildings not to be reliant on gas, there is no justification for allowing new buildings to install such systems

– systems which would undoubtedly have to be changed before the end of their life in order to achieve Net Zero.

Policy decisions are continually being put off to the last moment, as we've seen with the deposit return scheme and heating homes. People and businesses need clear up-front guidance and long lead-in times to enable change.

A more honest discussion with the public about oil and gas is required. While shifting away from oil production appears to be the correct decision to meet Net Zero, is it still the right decision if it means we simply import more because our energy demands have not changed, while losing skilled jobs in the process?

Begin long-term reform

Reform the NHS, with the only non-negotiable being that it remain free at the point of use

The NHS is facing an existential crisis. It was struggling with waiting times and increasing demand long before Covid and there are few signs of recovery. It could be argued that the NHS is a victim of its own success as we are living longer, healthier lives. But if the next First Minister wants to preserve the principle of free-at-the-point-of-use, then they must start work now on implementing reform.

While there are immediate problems to address, long-term reform is badly needed. We can no longer perpetuate the myth that more money is the answer.

That means properly developing and investing in early intervention programmes, moving away from our 'National Illness Service' way of working to an actual National Health Service.

It means recognising that some things are best delivered as close to people as possible in communities, while other specialities should be in large central hospitals. Centres of excellence for routine operations and specialisms work well where practitioners and teams can build up skills. Indeed, lessons can be learned from good practice around the country – some areas of Scotland retain GP out-of-hours care, and make use of shared facilities with social care to ensure continuity of care.

Can we expand the use of Minor Ailment services? Could we enable pharmacists, perhaps working alongside nurse practitioners, to carry out more checks and prescribing? What better use could we make of technology - while NHS NearMe is a good example of innovation, our NHS still uses faxes.²

We must have the courage to try different things and to learn from successful, and unsuccessful, experiences here in Scotland and elsewhere.

And we have to be honest with the electorate. Change cannot happen overnight, especially when immediate crises such as workforce gaps and waiting lists need addressing. Reform, if implemented properly, will require joint working and cross-party buy-in and likely take more than one electoral cycle. But work needs to start now.

Revitalise local democracy

Throughout the period of devolution there have been continued calls, both within and outwith parliament, for greater decentralisation within Scotland, and for local government renewal. But nothing has changed. Indeed, it could be argued that instead

² [No Ban on the Use of Fax Machines in NHS Scotland – The Orkney News](#)

power has been centralised at Holyrood through caps on council tax, police centralisation and current proposals to remove local authorities' role within social care.

It is past time for a major rethink, and for the genuine empowerment of Scotland's councils. Scotland needs a new and better balance of powers between Holyrood and local government. This requires a shift away from central command and control.

Reform Scotland believes that the country needs to have a debate focused on the specific measures that can regenerate local government, and to set out a new vision for a decentralised Scotland. Issues that we have previously highlighted include:

- Directly-elected mayors
- Full devolution of council tax, including the ability to replace it
- Full devolution of business rates
- Councillors' pay and conditions

Further & higher education reform

There may be no university tuition fees, but there is a cap on student numbers, which means that often English or international students can be accepted on to courses in Scotland while their Scottish counterparts are denied. There has also arguably been a focus on universities to the detriment of colleges, with the latter wrongly seen for far too long as the lesser option. Funding cuts threatening colleges' ability to deliver the skills Scotland needs.³

We need to rethink how we fund and prioritise further and higher education.

For higher education we have to accept that the current funding arrangements are simply unfair and unsustainable. There needs to be a better balance between the individual graduate and taxpayers in contributing towards higher education, with graduates contributing towards the cost through a deferred fee, to be repaid once they earn more than the Scottish average salary.

The Scottish Government could then look to introduce schemes that cut or scrap repayments for graduates who remain in Scotland working in certain sectors for set periods of time. For example, someone graduating with a medical degree who works in the NHS for five years post-graduation could have their fees written off. This would enable many to still access fully taxpayer-funded higher education, but as part of a scheme that ensures more people stay in Scotland after graduation, helping to address demographic challenges and skill shortages.

Even with some deferred fees, these should not deter people from going to university. The amount you pay back would be based on the amount you earn. If a graduate does not gain too much financially from going to university, they will repay little or nothing

³ [Colleges delivered Scotland's Early Learning & Childcare revolution and can do the same for the Green revolution - Anne Campbell - Reform Scotland](#)

at all. The financial expert Martin Lewis has referred to this as being in effect a “no win, no fee” education.

Equally, we need to change the way we manage and value further education. Our colleges establish and develop important links with their local communities and businesses; can help deliver the required job skills needed to meet policy demand – just as they did with the expansion of early years provision and as they have the potential to do with Net Zero; and are vital to help with re-skilling and up-skilling. Colleges are also crucial at helping deliver education opportunities in more deprived areas – 23% of school leavers go on to further education, increasing to 34% from the most deprived areas. Forty-one per cent of full-time first degree entrants from the 20% most deprived areas progressed to university after graduating from college.⁴ In other words we simply cannot afford to keep treating the sector as the Cinderella service in education.

Broaden the tax base

Public sector reform costs money. Even if it leads to longer-term savings, fixing short-term problems while simultaneously trying to introduce long-term reform can be expensive. In Scotland, like the rest of the UK, we are facing a cost-of-living crisis and a demographic timebomb. While it is to be welcomed that more of us are living longer, there is also a proportionately shrinking working-age population. Those above pension age now outnumber those under 16.

Simply increasing taxes will not delivery the necessary additional revenue - we need to broaden our tax base. Scotland has an estimated 31,000 top rate taxpayers, only 1% of the total, whereas top rate taxpayers make up about 2% in England.⁵

Immigration, both from within and outwith the rest of the UK, can help increase the number of working-age people. But Scotland is competing not just with England, but in a global marketplace and it needs to demonstrate to those who wish to invest, those who want to start a business, and those who wish to live and work and raise families, why they should do so in Scotland.

Boosting the size and strength of the working-age population can be supported by immigration, but only in the short term. Other policies to support skills being retained and developed in Scotland also need to be considered.

⁴ [Our Students \(collegesscotland.ac.uk\)](https://collegesscotland.ac.uk)

⁵ [Table 2.2 Number of Income Tax payers by country - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Evaluate

Better data to enable analysis and monitoring of progress across all areas. Try, analyse and learn

Short and long-term reform is needed across the public sector. But in order to be able to learn from reform, we have to gather the necessary data to evaluate and analyse change. The Scottish Government has been too timid for too long when it comes to reform. Our public services are in crisis and we need to improve outcomes. We must have the courage to try different approaches, recognise that not every plan will work, that diversity of provision is to be encouraged, and learn from what we do. In the midst of a cost-of-living crisis there are undoubtedly difficult decisions ahead, but Scotland cannot afford to keep ignoring them. A Scottish Statistics Authority can help ensure we have the data and analysis required to evaluate reform.

