House of Commons
Scottish Affairs Committee

Legacy Report

Ninth Report of Session 2014–15

Report, together with formal minutes relating to the report

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The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

Current membership

Mr Ian Davidson MP (Labour/Co-op, Glasgow South West) (Chair)
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Jim McGovern MP (Labour, Dundee West)
Iain McKenzie MP (Labour, Inverclyde)
Mark Menzies MP (Conservative, Fylde)
Graeme Morrice MP (Labour, Livingston)
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Sir Jim Paice MP (Conservative, South East Cambridgeshire)
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Mr Alan Reid MP (Liberal Democrat, Argyll and Bute)
Dr Eilidh Whiteford MP (Scottish National Party, Banff and Buchan)

The following members were also members of the committee during the Parliament:

Fiona Bruce MP (Conservative, Congleton)
Mike Freer MP (Conservative, Finchley and Golders Green)
Cathy Jamieson MP (Labour/Co-op, Kilmarnock and Loudoun)
Mrs Eleanor Laing MP (Conservative, Epping Forest)
David Mowat MP (Conservative, Warrington South)
Fiona O'Donnell MP (Labour, East Lothian)
Lindsay Roy MP (Labour, Glenrothes)
Julian Smith MP (Conservative, Skipton and Ripon)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/scotaffcom. A list of Reports of the Committee in the present parliament is at the back of this volume.

Committee staff

The current staff of the Committee are Rebecca Davies (Clerk), Jyoti Chandola (Clerk), Phil Jones (Second Clerk), Alasdair Mackenzie (Committee Specialist), Helena Ali (Senior Committee Assistant) and Annabel Goddard (Committee Assistant).

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Contents

Report

1 Introduction 3

2 The devolution of greater powers and the referendum 5
   The referendum 5
   Full fiscal autonomy or full fiscal austerity? 6
   Devolution within Scotland 7
      The Crown Estate 7
      Our Islands–Our Future 8
      Telecommunications 9

3 Social justice 10
   Insecure employment 10
   Blacklisting 14
   Bedroom tax 15

4 Outreach 16

5 Conclusion 17

Formal Minutes 19

List of Reports from the Committee during the current Parliament 20
Introduction

1. Much of our work during this Parliament took place against a backdrop of heightened debate in relation to Scotland’s constitutional future within the United Kingdom. Since the creation of an SNP majority administration in Scotland, following the May 2011 Scottish elections, the issue of a referendum on Scotland’s continued membership of the United Kingdom has dominated the political agenda in Scotland. On 15 October 2012, the UK and Scottish Governments signed the Edinburgh Agreement which set out the terms for such a referendum. On 21 March 2013 the Scottish Government announced that the Referendum would be held on 18 September 2014. The Scottish Independence Referendum (Franchise) Act 2013 was passed by the Scottish Parliament on 27 June 2013 and received Royal Assent on 7 August 2013.

2. While our main remit is to scrutinise the work of the Scotland Office, the Committee’s attention during this Parliament was very much focused on monitoring the devolution settlement and seeking to keep ahead of the fast moving and dynamic debate on this key issue. We conducted pre-legislative scrutiny of the Scotland Act 2012, published a series of reports on the potential impact of separation on a wide array of policy areas, and, most recently, published our Report on the UK Government’s proposals to devolve further powers and responsibilities to the Scottish Government and Parliament following the Smith Agreement.

3. This scrutiny has run in parallel with the second main strand of our work during the course of this Parliament—the issue of social justice. During this Parliament we conducted a number of major inquiries on issues which are crucial to the daily lives and well-being of the people of Scotland. We held inquiries on blacklisting in employment, zero hours contracts, the impact of the bedroom tax in Scotland, the role of the UK Border Agency and the Home Office in Scotland—in relation to both housing and student visas, and the impact of the collapse of companies such as City Link and USC. We also focused on issues specific to particular regions of Scotland following concerns raised with us, for example in relation to land reform, postal services, the Crown Estate, the video games industry in Scotland and the Borderlands.

4. Given the context outlined above, the 2013–2014 session was the busiest yet for the Committee. We held 58 oral evidence sessions (more than any other departmental select committee), published 14 Reports and undertook 10 local visits in Scotland. During the 2010–2015 Parliament we visited 31 different locations throughout Scotland, and undertook over 50 formal and informal visits.

5. Our inquiries and reports have had a significant impact on UK Government policy during the past five years, key examples of which are highlighted in paragraph 44 of this

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1 Agreement between the United Kingdom Government and the Scottish Government on a referendum on independence for Scotland, 15 October 2012
2 A full list of our Reports is at the back of this Report.
3 House of Commons, Sessional Returns: Session 2013-14, HC 1, 12 September 2014
Report. During the closing weeks of this Parliament, we drew our inquiries to a conclusion. This does not mean, however, that all of the problems we have identified, or the recommendations we have made, have been adequately addressed. As well as highlighting our achievements, we also outline those areas where we believe that parliamentary scrutiny should not end with the Dissolution of the 2010-15 Parliament. There is much work that we recommend that our successor committee take forward in the next Parliament.
2 The devolution of greater powers and the referendum

6. We ended this Parliament as we began it, with the consideration of proposals to devolve further powers to Scotland. We spent much of early 2011 scrutinising the Scotland Bill which, enacted in 2012, delivered greater responsibilities to the Scottish Parliament over taxation. The Act made provision for the devolution of responsibility for two additional taxes, Landfill Tax and Stamp Duty Land Tax, and control over a proportion of Income Tax. We were disappointed that the devolution of the Aggregates Levy and Air Passenger Duty was omitted from the Bill.

7. In our 2015 Report The Implementation of the Smith Agreement we noted:

The fiscal framework needs not only to deal with the question of no detriment and adjustments to the block grant but also with the broader issues of increased Scottish borrowing powers to insulate against volatility in the Scottish public finances and the health of its economy in general.4

The fiscal framework must include rules that are fair, robust and transparent, and allow the Scottish Government to bear the consequences of its decisions. We considered that if the Governments of the UK and Scotland get this most crucial of issues right then the Smith Agreement has the potential to be an enduring settlement, but we warned that if they get them wrong then the potential for grievance, from either side, will be huge. The Smith Agreement offered an indication of how the fiscal framework might work without providing much detail.5 Equally the UK Government’s Command Paper, which was published alongside the draft clauses, stopped short of providing a definitive answer to this question. We expect the implementation of the Smith Agreement to be a major part of the work of our successor Committee, and suggest that the fiscal framework, in particular, will merit careful scrutiny.

The referendum

8. Our inquiries into the referendum on separation for Scotland involved an extensive programme of oral evidence, as we aimed to provide as much information as possible to the Scottish electorate to assist them in making an informed decision at the ballot box. We therefore scrutinised in detail the UK Government’s series of Scotland Analysis papers, which were coordinated by the Scotland Office,6 and the Scottish Government’s White Paper Scotland’s Future: Your guide to an independent Scotland.7 We held 44 evidence sessions, many of them in Scotland, and heard from a wide range of Whitehall Departments, including ten Ministers and three Cabinet Ministers, as well as senior

4 Scottish Affairs Committee, Fourth Report of Session 2014-15, The implementation of the Smith Agreement, HC 835
5 The Smith Agreement, 27 November 2014
6 The Scotland Analysis papers are available at https://www.gov.uk/government/collections/scotland-analysis
7 Scottish Government White Paper, Scotland’s Future: Your guide to an independent Scotland,
lawyers, economists, academics and union officials. We aimed to establish key facts on the potential impact of separation on the people of Scotland. For example, our evidence sessions with the Chancellor of the Exchequer, Rt Hon George Osborne MP, Rt Hon Ed Balls MP, and Rt Hon Danny Alexander MP provided important, clear information on the position of the three main UK political parties on the key issue of a potential currency union between Scotland and the continuing United Kingdom in the event of a Yes vote on 18 September 2014.

9. We published fourteen reports covering the potential impact of separation on areas such as the provision of pensions in Scotland, defence contracts, higher education and Scotland’s membership of the European Union. It was clear from our inquiry that the Scottish Government were consistently underplaying the potential risks of separation.

**Full fiscal autonomy or full fiscal austerity?**

10. Having failed to achieve its desired outcome in the referendum, the Scottish Government is now pushing for full fiscal autonomy. Under full fiscal autonomy, the Scottish Government would receive all revenues raised in Scotland and be responsible for almost all public expenditure. Only certain UK services such as defence, intelligence and foreign affairs would remain delivered at a UK level—the Scottish Government would pay the UK for these services.

11. As part of our inquiry into the implementation of the Smith Agreement we scrutinised the alternative option of full fiscal autonomy. We found that under full fiscal autonomy, as with separation, Scotland would lose the benefit of being able to pool risk and share resources with the United Kingdom and would therefore be more exposed to shocks in its revenues or spending. Furthermore, Scotland would be replacing the stable stream of funding that comes via the block grant and Barnett formula, worth an additional £8 billion a year in public funding compared with the UK average, with volatile oil revenues over which the Scottish Government has little control.

12. The recent collapse in the oil price provided a stark reminder of the risks that face economies which depend on volatile streams of revenue to fund large areas of public spending. We noted that:

> The conclusion of the Smith Commission not to devolve such a volatile source of revenue, nor to recommend full fiscal autonomy, but instead to retain the system of shared benefit and pooled risk across the United Kingdom has already proved to be a wise decision, and one that is of obvious and immediate benefit to the people of Scotland.

The people of Scotland deserve a constitutional settlement that serves their best interests. The Smith Agreement represents the best of both worlds for Scotland and its people, giving

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8 Full details of the Committee’s inquiry into the referendum are available on our website www.parliament.uk/scotaffcom

9 Andrew Marr Show, BBC One, 25 January 2015, transcript of interview with the First Minister

much greater fiscal autonomy and accountability, but maintaining a good degree of protection within the wider UK economy from fiscal risks and shocks, and continuing to provide financial support to Scotland via the Barnett formula. It is not clear to us what the Scottish Government want to achieve that they will not be able to with the further powers that will be devolved under the Smith Agreement. The people of Scotland need to hear what the Scottish Government will do with these new powers, particularly the opportunity to increase, by any amount, each and every benefit and to change all tax rates and bands, rather than demands for more powers for the sake of it. Alongside its scrutiny of the implementation of the Smith Agreement, should the Scottish Government continue to press the case for full fiscal autonomy in the new Parliament, we believe that our successors should also scrutinise the consequences of these proposals in careful detail.

**Devolution within Scotland**

13. As well as scrutinising proposals for the devolution of further powers to Scotland, during the course of this Parliament we have also considered whether power should be devolved within Scotland. It is our view that the evolution of the constitution is a process which requires powers to move in whichever direction is in both the interest of the people and of better governance. In our inquiry into the Scotland Bill we concluded that the process of devolution “should lead to further decentralisation within Scotland, to local authorities and communities, and not simply to a gathering in of authority in Edinburgh”.\(^{11}\) We have pursued this theme in several of our inquiries.

**The Crown Estate**

14. During our inquiry into the Scotland Bill we received a significant amount of evidence identifying concerns with the administration of the Crown Estate in Scotland. This led us to hold a separate inquiry into the work of the Crown Estate Commissioners (CEC’s) in Scotland. We identified a number of issues in relation to the CEC’s management of Crown rights in Scotland, particularly in administering its responsibilities for the seabed and the foreshore. We concluded that the only way in which these problems could be addressed was for the CEC’s responsibilities, including the administration and management of the Crown rights to the foreshore and seabed, to be devolved to the Scottish Parliament. However, we further concluded, that, in order to deliver the maximum benefit to the residents of Scotland, decentralisation should not stop at Edinburgh. We recommended that these responsibilities should be further devolved to the most appropriate level, including local authority and local community level, to the maximum extent possible. We were pleased to note that the Smith Commission endorsed this view.\(^{12}\)

15. As the Smith Agreement is implemented, we look forward to the management of the CEC’s economic assets in Scotland transferring first to the Scottish Parliament and Government, and from there being further devolved to a local level. Securing commitments to the reform of the Crown Estate and the further devolution of the CEC’s

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11 Scottish Affairs Committee, Fourth Report of Session 2010-12, *The Scotland Bill*, HC 775-I, para 7

responsibilities have both been amongst our key achievements during the course of this Parliament. We believe that our successor Committee should closely scrutinise the implementation of the proposed reforms to the Crown Estate to ensure that the spirit of both our recommendations, and the Smith Commission’s proposals, are translated into reality and that local communities really do benefit from this important change.

**Our Islands–Our Future**

16. ‘Our Islands–Our Future’ is a joint vision drawn up and shared by Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar. ‘Our Islands–Our Future’ was formally launched on 17 June 2013, its intention was that, whatever the outcome of the referendum, the UK and Scottish Governments should recognise the special position and needs of the UK’s three largest island groups, and that these should be fully taken into account in any new constitutional arrangements for Scotland. We have held a number of informal meetings with the island council leaders during the course of this Parliament, and held a one off oral evidence session with them on 8 April 2014. We recognise the strategy and vision of ‘Our Islands–Our Future’ as being exactly the type of initiative which both serves to promote decentralisation within Scotland, and to strengthen structures of local government as a means to counterbalance the Scottish Government’s centralising tendency, while recognising the unique characteristics and challenges of the different regions of Scotland. Indeed, part of the rationale for our inquiry ‘Our Borderlands–Our Future’, was to explore whether a similar campaign could be established in the borders area of Scotland, with strategic collaboration between local authorities there, in order to achieve the same benefits for local people as has been the case in the highland councils. We also regard it as important that the needs of those islands which are part of mainland authorities should be examined.

**Our Borderlands–Our future**

17. Decentralisation of powers within Scotland was also a key theme during our inquiry Our Borderlands–Our Future. Our Report highlighted the key concerns facing the region, including: the need for greater cross-border working; economic development and enterprise; unemployment and the low-wage economy; and, EU regional and structural funds. We concluded that these challenges were further complicated by two countervailing tendencies. The first was the instinct of the Scottish Government to centralise power and functions in Edinburgh. The negative consequences of this were particularly evident for the south of Scotland in the scrapping of Local Enterprise bodies in favour of the creation of a centralised Scottish Enterprise. At the same time, the UK Government’s capacity to deliver its responsibilities in Scotland has reduced. It has been too easy for Whitehall Departments to assume that their major functions are devolved, and to not give adequate attention and priority to administering their reserved functions north of the border. Both of these trends

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13 Orkney Islands Council, “Strong voice” from the islands in referendum debate, 17 June 2013
14 Our Islands–Our Future joint position statement, June 2013
have had a tangible, negative impact on the daily lives of people in the south of Scotland. We subsequently recommended further decentralisation and the strengthening of local bodies within Scotland, in order to adequately address the challenges faced in the south of Scotland.

**Telecommunications**

18. On 18 March 2015, we held an oral evidence session on telecommunications in rural Scotland. If jobs are to be maintained in rural Scotland then it must have access to the same telecommunications infrastructure as the rest of the country. At the evidence session we heard of work in progress that has the potential to deliver an ambitious telecommunications infrastructure to all of Scotland. While we recognise that there are challenges involved in delivering and maintaining a telecommunications infrastructure across the whole of Scotland, we are concerned from the evidence we heard that telecommunications companies are not performing as well as their customers are entitled to expect. We urge our successor Committee take this work forward in the new Parliament.
3 Social justice

19. Alongside our work on changes to the constitutional relationship between Scotland and the United Kingdom, we also undertook a series of inquiries on issues which have a direct impact on the lives of the people of Scotland, including student visas and the work of the UK Border Agency. The main focus of our work in this area, however, was in relation to employment issues and the broader theme of social justice. We outline a few of them below.

Insecure employment

20. Our inquiry into zero hours contracts was borne out of frustration with what we perceived to be a decline in job security and employment rights that was affecting thousands of workers in Scotland.\textsuperscript{16} Zero hours contracts and other forms of casual labour can benefit workers and employers but our inquiry showed that, too often, the relationship is unbalanced, leaving the employer with all of the flexibility and few costs or responsibilities and the worker in fear of dismissal, denied access to due rights of employment, often tied to an employer that provided little work, and, in some cases, earning less than the National Minimum Wage. From evidence presented to us, it was clear that workers in the higher education and social care sectors were particularly at risk.

21. The University and College Union told us that 49\% of all teaching staff of Scottish Higher Education Institutions (HEIs)–approximately 4,500 people–were on zero hours contracts.\textsuperscript{17} While the terms and conditions varied across the HEIs, the overwhelming conclusion of the UCU representatives who gave evidence to us in April 2014 was that teaching staff on zero hours contracts regularly worked more hours than they were paid for; as a consequence their level of pay often fell below the National Minimum Wage. We heard how staff on zero hours contracts were paid for contact time with students but that payment for preparation time vastly underestimated the hours required; that, in those institutions which did pay for marking, payment rarely reflected the time required; there was little job security, and teaching posts were not always advertised because zero hours contracts do not require a proper recruitment process–meaning the process of employment was not always transparent.

22. It was shocking to find that academics on zero hours contracts were not fairly remunerated for all the hours they worked. Effectively, this meant that some of Scotland’s most prestigious universities were being kept going by a staff often earning less than the National Minimum Wage. The disconnect between the hours worked and the hours for which payment is made raised a further concern, that teaching posts may only be accessible to those who have family, other work or a bursary to subsidise them. Appropriate levels of pay is not the only problem with employment practices in the higher education sector. We heard how academics were often faced with a lack of job security as their work could be

\textsuperscript{16} Scottish Affairs Committee, Tenth Report of Session 2013-14, \textit{Zero hours contracts in Scotland: interim report}, HC 654, 14 April 2014

\textsuperscript{17} Written evidence submitted by the University and College Union to the Committee’s inquiry into zero hours contracts in Scotland
cancelled with little notice, for example, if an insufficient number of students enrolled for a particular course.

23. Both the universities of Glasgow and Edinburgh, from whom we took oral evidence, told us they were reviewing their use of zero hours contracts. We promised to call them back after a year to assess the progress of their reviews. It is regrettable that we have not had the opportunity to do so before Parliament dissolves however, we note the UCU’s letter to us of 23 March 2015 in which they highlight, in particular, the University of Glasgow’s new ‘Extended workforce’ policy which tightly limits the use of zero hours contracts.\textsuperscript{18} We call on our successor Committee to continue our scrutiny of zero hours contracts in the higher education sector, and to particularly consider whether the dedicated academic staff on which our universities depend are receiving levels of pay that accurately reflect the number of hours they must work to fulfil contracted duties and have sufficient job security to be able to plan their lives.

24. The Government have, at least, recognised that problems exist in the care sector. HMRC found that out of 183 care sector employers that were investigated, 88 had failed to pay their workers the National Minimum Wage. This was mainly due to the non-payment of travel time between appointments, something which is illegal. We concluded:

\begin{quote}
Care workers are expected to look after the vulnerable in society and treat them with dignity yet HMRC have found that almost half of those employers investigated have shown no such duty of care to their workforce.\textsuperscript{19}
\end{quote}

We called on the Government to do more to ensure that workers in the care sector were properly remunerated and were reimbursed for expenses associated with their employment.

25. We also heard that zero hours contracts worked against maintaining standards as staff felt unable to raise issues relating to quality of care, and even abuse, for fear of repercussions against them from the employer. Similar concerns were to be found in other industries. We were told how workers in the rail and offshore sectors, without the security of a permanent job, were reluctant to challenge unsafe working or turn down work, however inconvenient the shift offered, in case doing so jeopardised future offers of work. In these industries the insecure employment often took the form of ‘bogus self-employment’ where employment intermediaries such as payroll companies and umbrella companies are used to disguise employment as self-employment and thus enable companies to avoid paying employer’s National Insurance Contributions and deny workers’ rights.\textsuperscript{20} Furthermore, umbrella companies have also been found to be paying part of a worker’s salary in the form of expenses even if those expenses have not been incurred. This allows the umbrella company to reduce the amount it needs to pay in employer’s NIC.

\textsuperscript{18} Available on the Committee’s website.

\textsuperscript{19} Scottish Affairs Committee, Tenth Report of Session 2013-14, \textit{Zero hours contracts in Scotland: interim report}, HC 654, 14 April 2014, para 32

\textsuperscript{20} Scottish Affairs Committee, Tenth Report of Session 2013-14, \textit{Zero hours contracts in Scotland: interim report}, HC 654, 14 April 2014, para 111-112
Where workers cannot provide evidence of the expenses incurred they may be chased for unpaid tax by HMRC.21

26. In the 2014 Budget the UK Government introduced legislation “to prevent employment intermediaries being used to avoid employment taxes by disguising employment as self-employment”.22 It is disappointing that the clampdown did not extend to the problem of denial of employee rights, despite this issue being included when the measures to address employment intermediaries were initially announced in the 2013 Autumn Statement.

27. Out of all of the forms of casual labour we discussed in our Report, workers who were bogus self-employed had the least rights. They were not entitled to receive sick pay, holiday pay or the National Minimum Wage and were responsible for their own taxation. The RMT union told us that workers were deliberately being forced into self-employment:

It is subcontractors of subcontractors to oil companies. They are not just engineers. They could be any trade from scaffolders through painters to railroad platers to riggers. They are told that the only means of employing them is through self-employment. So they have to set up their own contract.23

28. Data from the Treasury showed that, in 2014, around 300,000 workers in the construction sector were in bogus self-employment, costing HMRC more than £380m,24 while ONS figures showed that 44% of all construction workers were self-employed. Such widespread use of casual labour across the UK, and in Scotland in particular, is alarming and unnecessary. We heard cases where workers believed they were in full-time employment only to discover through denial of rights, non-payment of bonuses or sudden dismissal, they were in fact on a zero hours contract. It is clear to us that, in the vast majority of cases, insecure forms of employment such as zero hours contracts and bogus self-employment exist to reduce costs for employers and to deny employment rights to workers. It is our view that if it looks like employment, i.e. there is no practical difference between the obligations put on workers on insecure contracts and full-time employees, then those workers must be treated as employees, with the security and rights which come with that status.

29. Almost a year on from our inquiry into zero hours contracts and other forms of insecure employment, we undertook an inquiry into the collapse of the courier company City Link. There are several disappointing aspects to the demise of this company, not least the chaotic way that news that the company was going into administration reached staff through reports in the media on Christmas day.

30. But it is not just the timing of the news being broken that was unfortunate. We heard that many of those responsible for the delivery of City Link parcels were not permanent

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22 HM Government, Budget 2014, HC 1004
23 Oral evidence taken before the Scottish Affairs Committee, HC (2013-14) 654, Qq260-264
24 www.building.co.uk, Osborne confirms clampdown on bogus self-employment, 19 March 2014
employees but were instead self-employed, despite City Link insisting that if they were to deliver parcels for them then their personal vans must be painted in City Link livery and drivers must wear City Link uniforms. As only employees are protected during a company insolvency, self-employed City Link drivers will not be paid for much of the work they did during December 2014. Many self-employed drivers and small contractors have been left with significant debts as a result of non-payment by City Link. This is wholly unsatisfactory and is yet another area where those forced into bogus self-employment suffer as a result of being stripped of employment rights. Parliamentarians and the incoming Government must ensure that the legislation underpinning the process of administration, including legislation governing the conduct of directors and payment for staff and suppliers is reviewed and updated so that workers will not be left without protection in the future.

31. Our work over the 2010-15 Parliament has shown that the use of casual labour is out of all proportion to what is required and is creating a two-tier workforce. We urge employers to make much greater use of permanent, part-time, fixed-term or variable hours contracts which guarantee minimum hours and provide workers with a degree of certainty. The incoming Government should use all the levers at its disposal, including legislative change, to effect a shift in culture. Parliamentarians, including those on our successor Committee as well as others, should seek to hold the Government, public and private sector employers, to account on this important issue and help improve the conditions for thousands of workers across the United Kingdom.

32. Our successors could start by looking at those companies who make the greatest use of insecure employment, companies such as Sports Direct. During the last months of this Parliament we have asked, repeatedly and unsuccessfully, for Mike Ashley, the owner of Sports Direct, to give evidence to us. We wanted to ask Mr Ashley why 20,000 of the people who work for Sports Direct are on zero hours contracts. We wanted to know why one of his subsidiary companies, USC, failed, resulting in the loss of 200 jobs, only to bought back from the administrators by Sports Direct. We wanted to know why Sports Direct paid only £82 on average into employee pensions in 2014, compared to a FTSE 100 average of £2,920. We hope that our successor Committee, without the time constraint of coming to the end of a Parliament, will pursue Mr Ashley for answers on these important questions.

33. Mr Ashley’s refusal to engage with us stands in stark contrast to other business leaders. Jon Moulton, Better Capital and David Smith, former CEO of City Link both gave oral evidence for our inquiry into the closure of City Link and a number senior figures in the construction industry, including Callum Tuckett, Laing O’Rourke, Andrew Ridley-Barker, VINCI Construction UK and Nick Pollard, Balfour Beatty, gave evidence to our blacklisting inquiry. We commend their willingness to engage with the Committee and would especially like to commend the willingness of Cullum McAlpine, Sir Robert McAlpine, and Ian Kerr, Consulting Association, to give evidence. We are disappointed that Mr Ashley was unwilling to follow their lead.
Blacklisting

34. We discussed above the problems of insecure employment. A great deal of our work during the course of this Parliament has focused on workers who could not get employment at all—those who had been ‘blacklisted’. During this Parliament, we have published four reports as part of a major inquiry into Blacklisting in Employment. We launched our inquiry in June 2012, and published our first interim Report Blacklisting in Employment on 16 April 2013.25 That Report focused specifically on the work of The Consulting Association (TCA). We heard that over 3,000 workers were named on a blacklist kept by the Consulting Association and used by most of the major names in the construction industry. In that Report we also considered the issue of compensation for those workers who had been blacklisted.26 Through taking evidence from key witnesses under oath and publishing several reports we have successfully raised awareness of this issue, and placed crucial information into the public domain. During our inquiry we identified many of the companies who participated in blacklisting, set principles for the compensation of those workers affected, and recommended changes to procurement practices at both devolved and UK Government level.

35. Since the publication of that first Report, significant progress has been made in highlighting and addressing issues relating to blacklisting: the Information Commissioner’s Office (ICO) has launched its own investigation,27 many victims of blacklisting are bringing individual cases to the High Court,28 and a new compensation scheme, the Construction Workers Compensation Scheme (TCWCS), for blacklisted workers has been launched by eight of the companies that used the services of TCA.29

36. We published our final Report in this inquiry on 27 March 2015, and while it outlines the progress which has been made, it raises many unanswered questions which still need to be addressed, not least the allegation that the practice of blacklisting is ongoing. We therefore called for the Government to launch a public inquiry into blacklisting. Such an inquiry must address the crimes of the past and look at best practice for the future to ensure that the odious practice of blacklisting is banished from the construction industry for good. Our efforts to raise the profile of blacklisting and hold those responsible to account is a good example of the important work that Parliament can do to help those in society who have been marginalised and let down by those in positions of trust and authority. We hope that our successor Committee continues our pursuit of justice for the victims of blacklisting.

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27 See http://ico.org.uk/for_the_public/topic_specific_guides/construction_blacklist
28 http://www.building.co.uk/blacklisting-high-court-cases-put-back-to-spring/5064382.article, The full case is expected to take place later in 2015.
29 The scheme was formally launched on 4 July.
Bedroom tax

37. The removal of the spare room subsidy, also known as the bedroom tax or under occupation penalty, came into force on 1 April 2013. Following its introduction, we conducted an extensive inquiry to assess the impact of the bedroom tax in Scotland. We held a number of evidence sessions across Scotland, including in communities directly affected by the bedroom tax. In doing so, we exposed some of the worst effects and unintended consequences of this policy. In a series of reports we called upon the UK and Scottish Governments to mitigate the impact of the bedroom tax in Scotland. Despite hearing evidence that Discretionary Housing Payments (DHPs) would not be the most effective way of mitigating the bedroom tax, once the Scottish Government had made the decision to use DHPs in this way we urged both Governments to expedite the necessary procedures, including passing Orders that would allow the Scottish Government to raise the limit on DHPs so that the effects of the bedroom tax in Scotland could be mitigated completely.

38. We are pleased to be able to report that, on 9 December 2014, the Discretionary Housing Payments (Limit on Total Expenditure) Revocation (Scotland) Order 2014 came into force. The Order allows the Scottish Government to set the limit for local authority DHP payments from 2014-15 onwards. We expect the Scottish Government to hold local authorities, who are responsible for administering DHPs, to account and ensure that funds allocated to them are fully committed to mitigating the bedroom tax in their areas. We also welcome the Smith Agreement’s recommendation that the Scottish Government should have the power to vary the housing cost elements of Universal Credit including the under-occupancy charge (i.e. the power to effectively remove the bedroom tax from Scotland). We look forward to the implementation of the Smith Agreement in full at the earliest opportunity.

39. We regret that the Scottish Government has not taken forward our recommendations to ensure that any rental arrears which occurred as a direct result of the bedroom tax should be written off, and that any additional rent paid as a consequence of the bedroom tax should be refunded. We are clear that the Scottish Government has the funds required to take forward these recommendations.

30 See paragraph 40 of this Report.
4 Outreach

40. One of our key priorities during this Parliament has been to talk to as many individuals and organisations on the ground in Scotland as possible, to understand how they are affected by some of the policies which have been the subject of our inquiries, and to improve the impact and efficacy of our scrutiny. In order to achieve this, we have undertaken an extensive programme of oral evidence and informal visits in Scotland. We have travelled to many parts of Scotland, on multiple occasions, during this Parliament, including to Glasgow, Edinburgh, Peebles, Dumfries, Aberdeen, Galashiels, Dundee, Oban, Inverness, the Shetland Islands, Orkney, Wick, Thurso, Tiree, Barra, and Lewis. We were also pleased to be able to take part in an event in Stirling, as part of the first Parliamentary Outreach week, in which we discussed both the nature of select committees in general and the work of the Scottish Affairs Committee in particular.

41. Before we launched our inquiries into the Crown Estate in Scotland and Our Borderlands–Our future, we held informal seminars in Scotland with key stakeholders in order to inform our terms of reference. The seminars allowed us to identify a broad range of witnesses so that we were able to hear oral evidence from those beyond the pool of ‘usual suspects’. We have also held informal meetings with people directly affected by issues raised during our inquiries. These have helped us to fully evaluate the impact of particular policies on the lives of those people most affected by them. For example, we visited Castlemilk and Glenrothes during inquiries into the bedroom tax, met fishermen in Orkney during our inquiry into the Crown Estate in Scotland, and with redundant workers in Glasgow following the closure of City Link. During our inquiry into zero hours contracts we met informally workers who were in different types of insecure employment in order to learn directly from their experiences.

42. In order to further extend our reach, during 2013-14, we successfully piloted the filming of our evidence sessions in Scotland, so that a full broadcast would be available to the public via Parliament’s YouTube channel. However, we were unable to secure the live broadcasting of these sessions as we had hoped. We urge our successor Committee to seek agreement from the House authorities that future evidence sessions undertaken by the Scottish Affairs Committee in Scotland will be recorded for broadcast and webcast live.

43. Over this Parliament we have been frustrated by the unwillingness of the Scottish Parliament to allow us to use Holyrood for our formal evidence sessions, which would have significantly reduced the cost of our public sessions in Scotland. We very much hope that in this post Referendum period of conciliation and co-operation, that the Scottish Parliament will reconsider its disappointing position and will permit our successor Committee the use of its facilities.

31 See House of Commons Sessional Returns for further details of the Committee’s visits.
5 Conclusion

44. In this Report we have set out key elements of the Committee’s work over the 2010-15 Parliament. We have had some important achievements. In our blacklisting inquiry we placed powerful companies and individuals under the spotlight and our continued scrutiny raised the profile of this issue. Our work facilitated the creation of a compensation scheme for workers affected by the shameful activity and we have continued to make recommendations as to how the recognisably inadequate scheme could be improved. Our Crown Estate in Scotland inquiry resulted in specific rights being passed from the Crown Estate Commissioners to the Scottish Government, and the Chancellor of the Exchequer accepted the central recommendation of our Report The video games industry in Scotland – subsequently introducing a corporate tax relief to provide support to the sector.32

45. Throughout the Parliament we have repeatedly returned to issues, in some instances, such as the inquiries into the Crown Estate and Land Reform, it has been to ensure that promises to accept our recommendations have been acted upon, while in others, such as the inquiries into the Bedroom tax and Blacklisting, it has been to maintain pressure for a change in policy and to continue to push for redress for those affected. We believe that it is crucial that select committees follow up their work and do not simply see the publication of a report as the end of the process of scrutiny. Our work has directly benefitted from such an approach and we hope that it is adopted by our successor Committee.

46. Scrutiny should not end with the Dissolution of Parliament. There is much that our successors could take forward in the next Parliament should they wish to do so. The matter of redress for those affected by blacklisting demands continued scrutiny; the problems associated with insecure employment in Scotland remain, and much more needs to be done to reform the highly concentrated nature of land ownership in Scotland.

47. The fundamental question of Scotland’s relationship with the rest of the UK provides the constitutional and political context for all of these issues. The Scottish Government was clear that the 2014 referendum on independence would be a “once in a generation” event,33 but that does not mean that the relationship between Scotland and the rest of the United Kingdom will remain unchanged. The recommendations of the Smith Agreement will be implemented during the course of the next Parliament. This major package of legislation, and the revised fiscal framework that will accompany it, will require careful and detailed scrutiny, as will any proposals to go further than the Smith Commission envisaged.

48. Throughout our work we have aimed to inform Parliament and the people of Scotland about key issues facing Scotland today, and to hold those responsible to account. We are

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33 BBC News online, Salmond: “Referendum is a once in a generation opportunity”, 14 September 2014
grateful to everyone who has assisted us: those who have contributed at our formal and informal meetings, and provided us with written material, our specialist advisors, and the many people who have helped facilitate our visits to Scotland. Our work would have been much poorer without their support and we thank them for it.
Formal Minutes

Tuesday 24 March 2015

Members present:

Mr Ian Davidson, in the Chair
Jim McGovern
Mark Menzies
Graeme Morrice
Mr Alan Reid

Draft Report (Legacy Report), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 48 read and agreed to.

Resolved, That the Report be the Ninth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

[Adjourned till Wednesday 25 March at 2.00 pm]
## List of Reports from the Committee during the current Parliament

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

**Session 2010–12**

<table>
<thead>
<tr>
<th>First Report</th>
<th>Postal Services in Scotland</th>
<th>HC 669 (HC 884)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Report</td>
<td>Video Games Industry in Scotland</td>
<td>HC 500 (Cm 8067)</td>
</tr>
<tr>
<td>Third Report</td>
<td>UK Border Agency and Glasgow City Council</td>
<td>HC 733</td>
</tr>
<tr>
<td>Fourth Report</td>
<td>The Scotland Bill</td>
<td>HC 775</td>
</tr>
<tr>
<td>Fifth Report</td>
<td>Student Immigration System in Scotland</td>
<td>HC 912 (Cm 8192)</td>
</tr>
<tr>
<td>Sixth Report</td>
<td>The Referendum on Separation for Scotland: Unanswered Questions</td>
<td>HC 1806</td>
</tr>
<tr>
<td>Seventh Report</td>
<td>The Crown Estate in Scotland</td>
<td>HC 1117</td>
</tr>
<tr>
<td>Eighth Report</td>
<td>The Referendum on Separation for Scotland: Do you agree this is a biased question?</td>
<td>HC 1942</td>
</tr>
</tbody>
</table>

**Session 2012–13**

<table>
<thead>
<tr>
<th>First Report</th>
<th>A Robust Grid for 21st Century Scotland</th>
<th>HC 499</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Report</td>
<td>The Referendum on Separation for Scotland: making the process legal</td>
<td>HC 542</td>
</tr>
<tr>
<td>Third Report</td>
<td>The Referendum on Separation for Scotland: a multi-option question?</td>
<td>HC 543</td>
</tr>
<tr>
<td>Fourth Report</td>
<td>The Referendum on Separation for Scotland: Terminating Trident—Days or Decades?</td>
<td>HC 676 (HC 861)</td>
</tr>
<tr>
<td>Fifth Report</td>
<td>The Future of HM Coastguard in Scotland</td>
<td>HC 583</td>
</tr>
<tr>
<td>Sixth Report</td>
<td>The Referendum on Separation for Scotland: The proposed section 30 Order—Can a player also be the referee?</td>
<td>HC 863</td>
</tr>
<tr>
<td>Seventh Report</td>
<td>The Referendum on Separation for Scotland: Separation shuts shipyards</td>
<td>HC 892</td>
</tr>
<tr>
<td>Eighth Report</td>
<td>The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish Defence Industry?</td>
<td>HC 957 (HC 257)</td>
</tr>
<tr>
<td>Ninth Report</td>
<td>Blacklisting in Employment: Interim Report</td>
<td>HC 1071</td>
</tr>
<tr>
<td>Session 2013–14</td>
<td>First Report</td>
<td>Remploy Marine Fife</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Second Report</td>
<td>The Referendum on Separation for Scotland: The Need for Truth</td>
<td>HC 828</td>
</tr>
<tr>
<td>Fifth Report</td>
<td>The Crown Estate in Scotland: follow up</td>
<td>HC 889</td>
</tr>
<tr>
<td>Sixth Report</td>
<td>Blacklisting in Employment: addressing the crimes of the past; moving towards best practice</td>
<td>HC 543</td>
</tr>
<tr>
<td>Seventh Report</td>
<td>Referendum on Separation for Scotland: the impact on higher education, research and tuition fees</td>
<td>HC 1144</td>
</tr>
<tr>
<td>Eighth Report</td>
<td>Land Reform in Scotland: Interim Report</td>
<td>HC 877</td>
</tr>
<tr>
<td>Ninth Report</td>
<td>The impact of the Bedroom Tax in Scotland: Plan B—charges, arrears and refunds; incorporating the Government Response to the Committee’s Fourth Report of Session 2013-14</td>
<td>HC 937</td>
</tr>
<tr>
<td>Tenth Report</td>
<td>Zero Hours Contracts: Interim Report</td>
<td>HC 654</td>
</tr>
<tr>
<td>Eleventh Report</td>
<td>Power Outages and Extreme Weather Conditions in the West of Scotland</td>
<td>HC 484</td>
</tr>
<tr>
<td>Twelfth Report</td>
<td>The Referendum on Separation for Scotland: Scotland’s membership of the EU</td>
<td>HC 1241</td>
</tr>
<tr>
<td>Fourteenth Report</td>
<td>The Impact of the Bedroom Tax in Scotland: Devolving the DHP cap</td>
<td>HC 1292</td>
</tr>
</tbody>
</table>

| Session 2014–15 | First Report        | The Referendum on Separation for Scotland: Implications for Pensions and Benefits | HC 498 |
| Second Report  | Our Borderlands – Our Future | HC 556 |
| Third Report   | The Referendum on Separation for Scotland: no doubt-no currency union | HC 499 |
| Fourth Report  | The Implementations of the Smith Agreement | HC 835 |
| Fifth Report   | Impact of the closure of City Link on Employment | HC 928 |
| Sixth Report   | Our Borderlands – Our Future: Final Report | HC 571 |
| Seventh Report | Blacklisting in Employment: Final Report | HC 272 |
| Eighth Report  | Land Reform in Scotland: Final Report | HC 274 |