

# Calman Commission on Scottish Devolution

## August 2008

### Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing around 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

We welcome the opportunity to submit our views to the *Calman Commission* as we see its work as an important element in the current debate on Scotland's constitutional future. We were happy to submit comments to the Scottish Government's "*National Conversation*" and we reiterate many of the points from that submission in this response.

### The Constitution

As a membership organisation, we do not feel it is appropriate to declare a preferred outcome regarding the constitutional future of Scotland. Our members come from a broad cross section of Scottish society and as such will hold a variety of views on the matter.

Instead, our focus is ensuring that the impact on Scotland's business community – 98% of which have less than fifty employees - is at the forefront of any proposals regarding Scotland's future. In discussing our future, we believe that we must concentrate on encouraging the provision of a business environment which will foster the development and growth of the small business sector, which is so crucial to the country's long term economic success. Therefore our contribution to the debate around Scotland's future is focused on representing the business interests of our members and whether or not individual proposals for change (i.e. transfer of individual powers) would have an impact on small businesses.

To date, we have not taken a particular view on the impact of transferring certain powers to, or from, the Scottish Parliament, partly because of the lack of concrete proposals and partly as a result of the polarised nature of the discussion.

On the wider debate it is fair to say that we do believe the current heated, political nature of the discussion around Scotland's future could prevent organisations from engaging in a more meaningful way. Public comments tend

to be seized upon and labelled as either 'for' or 'against', which is clearly unhelpful for organisations who seek to work in a positive, cross-party basis.

This is not about lacking the courage of our convictions but living with the realities of the sensitive political climate in Scotland. A less polarised, more considered debate may enable civic Scotland to play its full role, thus broadening the range of contributions and increasing the depth and quality of the discussion.

## Current Powers

The FSB takes a positive view of the current powers of the Scottish Parliament as laid out in the *Scotland Act* (1997). As commented in our manifesto for the Scottish parliamentary elections in 2003 (following the first parliamentary session) devolution has undoubtedly been a force for positive change in Scotland, resulting in a new government and parliament focused on Scottish solutions to Scottish problems. Devolution has delivered positive outcomes for small businesses, such as reform of planning law, investment in transport infrastructure and a cut in non-domestic rates.

Despite this progress it remains clear that there is a great deal more to do if we are to improve Scotland's economic under-performance. Whether or not additional powers would expedite or hinder progress is clearly up for discussion.

In general terms the FSB is relaxed about discussing adjustments to the existing powers of the Scottish Parliament where it could be demonstrated that the powers would be used to benefit Scotland's small businesses or create faster economic growth. We have not taken a view on the complete transfer of financial powers, or 'fiscal autonomy', though these powers would almost certainly have most impact on FSB members. This is largely because the debate has taken place at an intellectual, macro-economic level with little reference to specific proposals and how they would affect individual businesses. As discussions on Scotland's future continue we would like to see more detail regarding threats and opportunities of individual powers and what this might mean for small business owners and employees in Scotland.

Lastly, we believe there is scope, in addition to discussing formal powers, to look at the interaction between the Westminster and Scottish governments. We have seen a number of examples where legislation passed by Westminster has an impact on Scotland, yet this was not fully considered at the time of the legislative process. The woeful development of Local Better Regulation Offices (LBRO) in Scotland is one such example. The recent annual report of the Scottish Regulatory Review Group (RRG) also highlighted the need to ensure better communication and consideration of Scotland in UK legislation. This requires a commitment to improve from both governments.

## Conclusion

The FSB welcomes the opportunity to contribute to the evidence being gathered by the Commission. As we outlined in our submission, we do not feel that it is appropriate for us as a membership organisation to express a specific view as to the wider constitutional future of Scotland – that is a matter for the Scottish people. We do believe, however, that the debate needs to move on to make it more relevant to the wider public. It is essential that regardless of point of view, finding the best solutions for the Scottish economy must be a

priority. Boosting Scotland's growth rate and developing a more entrepreneurial society is central to any discussion about our constitutional future.

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For further information on any of the points raised in this submission, please contact Susan Love, Policy Manager, on [susan.love@fsb.org.uk](mailto:susan.love@fsb.org.uk) or **0141 221 0775**.