

Radical Options for Scotland and Europe

For public ownership and democratic control

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Briefing 78: April-May 2025

To accompany discussion at the 24 April ROSE meeting with Vince Mills and Rab O'Donnell on understanding the rise of Reform and the policies and campaigns needed to combat it

Scottish electoral support for Reform

The two latest polls show Reform securing a significant electoral base in Scotland. Any advance for Reform in English local elections this May is likely to strengthen this trend.

7 April polling for The National: SNP 35, Con 12, Lab 14, Reform 12, LD 12, Grn 9

6 March polling for Survation: SNP 34, Con 12, Lab 23, Reform 17, LD 8, Grn 4.

Scotland's housing crisis

Statistics for September 2024 show 16,634 households in temporary accommodation (including over 10,000 children). This is the highest figure since records began in 2002. House-building in Scotland dropped last year (2024) by 9 percent. Of the 2021 target of 110,000 new houses to be completed by 2032 only 26,000 have so far been built – partly resulting from the 2024 cut of £768m from the Scottish budget for 'social' house building - only restored this year (the equivalent of 8,000 houses). 2025 ONS figures for Scottish house prices show a 10 percent increase. For those on lower incomes, or dependent on income support, the crisis is still sharper. Over recent years funding for new build 'social housing' has tended to go more exclusively for 'mid-market' rents with councils failing to enforce earlier quotas for affordable rents agreed at the planning stage. The result is a significant level of 'hidden' homelessness as adult children are forced to stay in parental homes.

Cuts in disability payments: Scottish impact

The Spring budget for the UK announced a cut of £5 billion to be imposed by 2030 – starting from 2026. The consequences for Scotland remain unclear. In terms of 'Barnet consequentials' a reduction of £500 million might be expected by 2030. The Scottish system is, however, somewhat different with Adult Disability Payments replacing Personal Independence Payments. The Scottish Fiscal Commission has provided an initial estimate of a £400m shortfall by 2030. The Scottish Government has taken the position that it will not impose cuts on ADP. Cuts would therefore have to be made elsewhere (SPICE 16 March 2025).

Disproportionate increase in inactivity attributed to illness or disability in Scotland

Paper by Hannah Randolph for SPICE (Scottish Parliament July 2024) shows the percentage in Scotland increasing from 26 percent to 39 percent between 2019 and 2023. In the rest of UK the increase was from 23 percent to 28 percent.

Performance of NHS in Scotland compared with England:

Report by Rex Warner, 27 November 2024 for Institute for Fiscal Studies

Comparing performance in 2024 with 2023 Scotland saw deterioration in a) size of elective surgery waiting list b) waits of over a year c) waiting over 4 hours for emergency care d) over three months waiting time between referring and treatment for cancer. In England performance improved in all these areas. Performance only deteriorated in both for elective care within 18 weeks of referral.

Further loss of ownership in Scotland: John Wood Group plc

The former flagship of engineering services for Scottish oil and gas extraction, the Wood Group faces sale to the UAE based Sadara Group for £242m. The Wood Group currently has 20,000

employees world-wide. For the past decade its dominant shareholders have been US investment companies led by BlackRock. It currently has debts of \$1.1 billion which will require refinancing.

Britain: failing productivity

Simon Pittaway, 'Accounting for the post-pandemic productivity divergence between Britain and the U. S.', Resolution Foundation<https://www.resolutionfoundation.org/publications/yanked-away/>

In Briefing 77 we examined Scotland's crisis of industrial productivity detailed in Mariana Mazzucato, *Industrial Strategy for Scotland*. Simon Pittaway's analysis published by the Resolution Foundation this April details a very similar crisis for Britain as a whole. For the seventeen years 2007 to 2024 productivity in Britain rose in total by only 5.9 percent and real wages by 2.2 percent. In the seventeen years 1990 to 2007 productivity rose by 38 percent and real wages by 42 percent. In terms of international comparisons for the five years from Quarter 4 2019 to Q4 2024 Britain's productivity fell by 0.8 percent. Two-thirds of the fall is attributed to a failure to invest all sectors of health care, public and private, of health care). By contrast US productivity rose by 9.1 percent (partly investment in shale oil as Europe lost its supply of Russian oil and gas but mainly through investments in AI – to a significant extent by the US government during Covid). In Europe French productivity fell by 1.2 percent, Italy by 0.9, while Germany's rose by 0.4 and in Japan by 3.4.

Share ownership in Britain: latest data as issued in December 2023 (ONS)

At the end of 2022, shares in quoted UK-domiciled companies listed on the London Stock Exchange (LSE) were worth a total of £2.42 trillion. The proportion of UK shares held by overseas investors (rest of the world) increased again to a record high of 57.7% of the value of the UK stock market. The proportion of UK shares held by UK-resident individuals fell to 10.8%, down by 1.2 percentage points from 2020. The proportion of quoted shares held by banks continued to rise and stood at 3.4%, an increase of 0.3% from 2020.

European Union

	EU	EUArea	Germany	Spain	France	Italy
GDP growth Q 4 2024	0.4 percent	0.2	-0.2	0.8	-0.1	0.1
Unemployment Feb 2025	5.7	6.1	3.5	10.4	7.4	5.9
Debt to GDP %	88.1	81.5	62.4	105	109	134

British attitudes to EU and US

In an interview with the Financial Times on 10 April **Rachel Reeves as Chancellor of the Exchequer** said she wanted to align 'established industries such as chemicals' with Brussels to enhance mutual access. She would also seek to enhance 'defence cooperation', removal of barriers to the food trade and mutual recognition of qualifications. However, she also noted that she would be seeking to negotiate trade deals with the US when in Washington for the meeting of IMF finance ministers at the end of April.

On 16 April **Simon Fraser, the Chair of Chatham House**, former deputy permanent secretary Foreign and Commonwealth Office, urged that Britain build relations with 'middling' countries in the EU rather than with Trump and that the prime minister should end his attempt ride two horses. However, April has seen EU leaders apparently seeking to exploit **divergencies within the Trump Cabinet** over war finance for Ukraine and policies over Iran. The neo-Conservatives, led by Rubio and Kellogg, appear to be moving back towards the expansionist policies of the Biden cabinet, while the MAGA populists led by JD Vance and Witkoff seek to end international entanglements. This is, in turn, impacting on the plans to develop an enhanced military industrial complex in Europe. At the 5 April NATO summit Rubio promised to slow US withdrawal in light of Germany's plans to enhance military expenditure by a further 1 percent of GDP.