

UNISON Response to Independent Budget Review

Briefing on ...

Independent Budget Review

Introduction

This briefing looks at the recent report of the Independent Budget Review (the so called 'three wise men'). The Review's recipe of cuts and withdrawal of public services have been widely reported and they are not summarised here. This briefing looks at the reports' shortcomings and outlines UNISON's alternative.

Background

The review was set up by the Scottish Government at the request of the Conservatives in Holyrood as the price of their support for the SNP budget. The Review's main remit was to "inform public and Parliamentary debate ...about the challenges, and choices that will exist in a significantly constrained

public spending environment." The aim being to influence the Government's response to the pre budget review expected in the Autumn.

The three man panel who carried out the review reported on 29th July. (for details of the report see further information)

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The politics of cutting services

The panel were asked to deliver a cuts package, and that's what they have done. UNISON's view is that they were asking the wrong questions and as such have delivered a set of suggestions that, if acted upon, will be profoundly damaging for public services in Scotland.

The panel's prescription is as much about politics as it is economics. They call for a debate about "the appropriate balance of responsibility between the individual and the state". That all of the review panel recommendations involve cutting back public provision and making suggestions as to where services could be provided individually, rather than collectively, shows where they see that balance. Services should be privatised, or provided by the voluntary sector. Entitlements should be withdrawn or means tested.

At every point they argue for a smaller state. This is shown most clearly in the panel's view that the workforce in public services should be reduced by up to 10%. *To reduce the workforce by this amount is not about efficiency, it is a bid to ensure that fewer services are delivered.*

As well as believing fewer people should be employed overall, they also believe that fewer people should work for public sector employers. The panel are keen on outsourcing and see a greater role for the private and voluntary sector.

Despite admitting that so far the track record of shared services "is disappointing" the panel recommend a much expanded role for shared services - this is also a mechanism for importing the private sector into roles performed by the public sector

Their determination to shrink the state takes a literal expression in a belief that that "asset disposals can make a useful contribution to bridging the gap in the public sector's capital resources." A task they recommend be performed by the inappropriately named Scottish Futures Trust.

A sensible review of the budget would have spent time examining what services are needed and then examining how to raise money to pay for them. They do recommend ending the council tax freeze, but other matter such as increasing the powers of devolved government to raise or borrow money are said to be 'outside their remit'.

Further information

Report of the Independent budget Review:

<http://www.scotland.gov.uk/About/IndependentBudgetReview/Resources/final-report/>

BBC Summary of Report:

<http://www.bbc.co.uk/news/uk-scotland-10801614>

UNISON Submission to budget review:

<http://www.scotland.gov.uk/Resource/Doc/919/0102255.pdf>

UNISON's Alternative Budget:

<http://www.unison.org.uk/acrobat/18887.pdf>

The economics of cutting services

Taking billions of pounds out of public services, means taking billions of pounds out of the economy. As well as mass job losses the panel are also recommending years of wage freezes and pay restraint. 70p in every pound spent on public services finds its way back into the local economy. If implemented this programme of mass redundancies and real terms wage cuts will be a real blow to local economies across Scotland.

Pursued across the UK, (and the review panel report is a Scottish application of

the ideas that George Osborne and David Cameron are putting forward at Westminster) the risks of putting us back in recession are huge.

Taking an axe to public spending doesn't just hurt those who rely on public services, or those who provide them. Economic models estimate that for every job lost in the public sector - one will be lost in the private sector. So running down services runs the risk of making us all poorer.

There is an alternative

The current financial crisis is being used by those whose free market ideology got us into this financial crisis. They want to reshape public services on the basis of this failed outlook. The idea that the UK is bankrupt and has no option other than to take an axe to public services is a politically driven myth.

Cutting public services is not the only ways to cut debt: raising taxes for those who can afford to pay more and clamping down on tax avoidance will also reduce the deficit. As will cutting out wasteful spending including PPP schemes and private consultants.

UNISON believes that it is desirable to introduce a more progressive tax system and take strong measures to stop tax avoidance. The PCS, who represent those working in HMRC, estimate that £130 billion goes uncollected evaded or avoided every year. £4.7bn could be raised every year by introducing a 50% tax rate on incomes over £100,000.

Clearly this is not within the remit of the Scottish Parliament. The Government

does have power to vary the basic rate of tax and to allow councils to raise the council tax without losing their current subsidy. Using the tax system is far fairer than increasing charges for public services in the way that is currently happening.

We are for using the money spent on public services in the most effective way possible but the best way to improve public services is to involve both users and staff in defining the problem and the solution. This means listening to services users about what they want and empowering staff to respond. There is a growing body of evidence that shows how real improvements can be made through this type of process.

The review panel mention their desire to protect those in "greatest need" UNISON does not believe that public services should only be for those in greatest need, *public services are for everyone*. They are part of what hold us together as a society. To suggest services should be merely a safety net is to turn the clock back a century.

Action for Branches

UNISON Scotland has a **major strategy conference** at the Thistle Hotel, Cambridge Street, **Glasgow** on the **4th September** to develop our campaign in defence of services and jobs. The conference will give members (and others) the information and techniques to counter the attack

on public services. Branches should make every effort to get as many members along as possible.

<http://www.unison-scotland.org.uk/publicworks/04sep/index.html>

