

Challenges for the Scottish Parliament

Introduction

The new Scottish Parliament is now in session with MSPs sworn in, and the new government appointments made. We do not as yet have a legislative programme, but the First Minister has set out a broad vision of the direction of travel and we have the SNP manifesto commitments.

This briefing sets out the key challenges facing the parliament as they impact on UNISON members.

Finance

The financial position, driven by the UK government's ideological budget cuts, will dominate the agenda for the whole parliament. The Scottish Budget will be cut by 11% in real terms by 2014-15. That is made up of 8.1% in revenue and a 36% cut in capital spending.

The longer term outlook is equally bad and the UK Treasury has already downgraded its growth forecast. The Scottish budget is facing a cumulative loss, in real terms, of £39bn over the 15 year period before we return to 2009 spending levels. The CPPR analysis of the SNP manifesto shows additional commitments totalling over £1bn in the next four years. This includes the growing cost of the planned five year Council Tax freeze. These commitments are apparently to be financed by further 'efficiency' savings. In addition, in common with the other political parties, they largely ignored the additional demand pressures (demographic change, unemployment, drug costs, PFI etc.) that will add to the pressures on the Scottish budget. NESTA estimates that additional demands in health, social care and justice alone will amount to more than £27bn over the same time period.

The CPPR report highlights the challenges are likely to fall on delivery bodies (councils, health boards etc) where UNISON members are largely employed:

"At present it looks like whoever forms the next Scottish Government will be passing on much of the accountability and responsibility for making these decisions to other bodies. This would appear to be in the hope that, by avoiding taking the lead in such unpleasant deeds, national politicians will also avoid taking the blame."

Capital funding shortfalls are likely to be a growing concern, with Audit Scotland estimating a £4bn maintenance backlog. The Scottish Futures Trust will drive forward with PFI schemes including the Hub Initiative and NPDT model that will only add to these costs.

The First Minister's statement implied that the cuts are happening "elsewhere on these isles". UNISON's latest assessment shows nearly £1bn cuts and 18,000 job cuts being planned this year in Scotland.

KEY POINTS:

- **The First Minister's statement sets out the new government's vision for Scotland.**
- **The financial position will dominate the next parliament.**
- **Budget cuts, manifesto commitments and demand pressures total £60bn+ over 15 years.**
- **Pensions and pay will concern members facing rising costs.**
- **Public sector reform will bring further changes for UNISON members.**
- **Constitutional change is a key government priority.**



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Public Service Pensions

Whilst the UK government is leading the attack on pension provision, the regulations are devolved to the Scottish Parliament. The Finance Secretary deferred consideration of pension contribution increases until after the election. It is argued that some of these have been scored against the Barnett formula and will impact on next year's Scottish budget. This is in addition to the implementation of the Hutton Report.

Pay and Conditions

The main 'efficiency' saving that contributes to plugging the financial gap set out above has been the public service pay freeze. This has been coupled with attacks on terms and conditions in several service groups. It is likely that pay restraint will continue to be a feature of the Scottish Government's 'efficiency' agenda, possibly coupled with their commitment on no compulsory redundancies, in those services they have direct control over. The CPPR estimates that public service workers who retain their jobs are likely to suffer a 6-12% reduction in the spending power of their pay up to 2014-15.

Public Service Reform

The Christie Commission will report by the end of June. The SNP manifesto indicates that they expect this report to identify further efficiency savings. They are committed to the reform of Police, Fire and the integration of social and health care. There will be a Green Paper on FE colleges and the Cameron report on school management. Radical steps are also required to tackle the rising prison population. It is therefore likely that UNISON members will face a level of reorganisation in the coming years.

Constitutional Issues

The SNP's primary strategic objective is a successful referendum on independence. The strategy is to delay that referendum until later in the parliamentary term, to build support in the context of the next UK election, Con-Dem cuts etc. Early focus is on the Scotland Bill and the First Minister has expanded his shopping list of new powers. Additional borrowing powers are something UNISON has supported. Powers over Corporation Tax is something we have opposed, particularly as the government is likely to cut it leaving a further gap in public finances of over £1bn due to the Azores ruling. Powers over excise duty, Crown Estates, broadcasting and European policy are not contentious areas for UNISON, but they do have funding consequences.

Social Wage

The First Minister has set out a bold vision of a social wage/contract that rejects the market ideology of the UK Con-Dem coalition. This includes a £250m Scottish Futures Fund that is stretched very thinly over a range of projects. Other difficult areas include the replacement of civilian roles by police officers and an optimistic energy policy. On the positive side there is the prospect of national FE bargaining and an expanded role for Scottish Water, whilst remaining as a public service.

Conclusion

There are several positives in the likely government programme. However, the new parliament will be dominated by financial pressures that are already hitting Scotland's public services hard.

Further information:

First Minister's statement
<http://www.scotland.gov.uk/News/Releases/2011/05/26110705>

SPICE MSP key issues:
<http://www.scottish.parliament.uk/business/research/briefings-11/SB11-28.pdf>

CPPR election briefings:
<http://www.cppr.ac.uk/centres/cppr/scottishelection2011/>

SNP Manifesto
<http://manifesto.votensnp.com/>



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