



Inquiry into Preventative Spending

Response to the Call for Written Evidence from the Scottish Parliament Finance Committee

**The UNISON Scotland Submission to the Scottish
Parliament's Finance Committee August 2010**

Introduction

UNISON Scotland welcomes the opportunity to respond to the call for evidence from the Finance Committee regarding preventative spending. UNISON Scotland has over 160,000 members, the vast majority of whom work in the public and voluntary sector. UNISON members pay taxes as well as delivering and using public services and are therefore in a unique position to comment public services in Scotland.

General Comments

UNISON is concerned that there seems to be little understanding of the current deficit. This means that many people now believe that cuts in public spending are both essential and inevitable. This public debt is private debt and is the cost of the massive bail out of Britain's banks not excessive public spending. These cuts in public spending are being made for ideological not economic reasons. The financial crisis has also increased unemployment and job insecurity which continues to raise the demand on social spending and reduces tax revenues adding to the pressures on public spending. The cuts are already impacting on service delivery while demand is increasing.

Discussions around the value of preventative spending cannot ignore current or impending cuts. Preventing "negative social outcomes" rather than dealing with the consequences would seem to make both economic and social sense but the current cuts are already increasing these negative outcomes by closing services that people rely on. There is no way to make cuts at the predicted level without making services considerably worse. Many services such as benefits advice and higher and further education should in fact be expanding. Even the most positive predictions from advocates of investment in preventative services admit that savings will be achieved in the future not straight away.

In order to really tackle negative social outcomes we need to tackle the inequality that is the root cause. Otherwise Scotland will continue to spend money on the symptoms. Instead budgets cuts are leading to increased charges for the remaining services which impact more heavily on less well off users. Many of the big costs : crime, drug abuse and the problems related to increased obesity are directly linked inequality. It is tackling the inequality that will reduce these problems and so reduce public spending.

The evidence presented in *The Spirit Level* (Wilkinson and Picketts 2009) shows clearly that the problems so often blamed on individuals' choices are in fact a consequence of inequality.

- "more people suffer from mental illness in more unequal societies" (Fig 5.1 page 67)
- "overall it looks as if differences in inequality tally with more than threefold differences in the percentage of people with mental illness in different countries" (Page 67).
- "the use of illegal drugs is more common in more unequal countries" (Page 71)
- "Low job status linked to heart attacks" Page 75
- "more adults are obese in more unequal countries" Page 92 Fig 7.1

- “more people are imprisoned in more unequal countries “ Page 148/149 Fig 11.1 and
- “more people are imprisoned in more unequal US states”. Fig 11.2 Page 148/149

The price we pay to deal with the high levels of inequality in Scotland: obesity, heart disease, crime etc are high both in terms of social outcomes and directly in cold hard cash.

“The health costs of alcohol abuse were estimated in 2007 to comprise 7.5 percent of the total healthcare costs in Scotland – and average of £268.8 million. The costs of crime resulting from alcohol abuse were as much as 20.4 per cent of Scotland’s total crime spending, with the majority resulting from costs as a consequence of crime.” *NESTA Submission to the Scottish Independent Budget Review 2010*

The Scottish Government’s figures quoted by NESTA show “Obesity in Scotland is rising rapidly and currently Scotland has one of the highest levels of obesity in OECD countries- only USA and Mexico have higher levels. Projections indicate that by 2030 more than 29 per cent of Scotland’s population could be obese, an increase of 50 per cent from 2008. The social and economic costs of this trend are high. Obesity costs represent 2 per cent of the total NHS Scotland budget, close to £175million and the cost to society has been estimated at £475 million.”

UNISON believes that investing in preventing negative social outcomes will save money in the long term.

“ Reducing long term indirect costs- US researchers suggest that overall public sector savings could total around £400million over 15 years shared across the local authority police, health, criminal justice system for an investment of around £40million in positive parenting interventions” (Total Place Interim Report, September 09).

Various methods are being employed by accountants to attempt to quantify these potential savings and no doubt much will be submitted in evidence to the committee. UNISON believes though that preventative spending is not just about savings. “Negative social outcomes” are in fact real people’s lives being ruined, real children who do not reach their potential, who suffer abuse and neglect. We should invest in services because it is the right thing to do.

In Scandinavian countries there is a broad consensus about public services as a public good for all and this ensures support for good services and the greater social cohesion they experience. Public services play a vital role creating and supporting social capital. The Parliament needs to take a lead in promoting public services as benefiting the whole community and highlight how cost effective it is to deliver services via the public sector. If people don’t understand this it is no surprise that they don’t want to pay tax. It costs over £2000 a year to have your rubbish picked up by a private company. Improved public understanding of charges like this would help to put council tax bills into context.

The policy response to these issues focuses on the behaviour of those at the bottom ignoring the questions about tackling the super rich and the negative consequences of their wealth for the rest of us. Fairer taxation and tackling tax avoidance by the super rich would not only reduce inequality in Scotland it would also provide substantially more money to pay for the services we all need. While

UK taxation is not within the remit of the Scottish Parliament it does have the power to vary income taxes, to set business rates and over council tax.

The current Scottish Government has focused on tax policies which benefit the rich like freezing to council tax and reducing business rates. The council tax freeze has benefited higher rate payers more than those on the lower rates. Recipients of council tax benefit have had no savings at all. Councils are introducing charges for services as they have no other way to raise income. This penalises those on low incomes heavily.

Campaigners in West Dunbartonshire have highlighted the following costs.

- New £48 charge for gardening for elderly residents
- New £15 charge for domestic uplift
- New service charge of £1 per meal to housebound and elderly residents: a meal a day. **£260 per person a year**
- New charge of £2.50 per trip for pensioners and adults with learning difficulties using day care facilities. **£650 for a person going days a week.**
- New service charge £20 per week (**£1040 per year**) for Housing Support Service clients

Glasgow City Council introduced a charge for their previously free breakfasts in schools in August 2010. This charge of 50p per day will cost families £100 per school year per child. This is a prime example of a service that both supported children (who for a range of reasons out with their control) were previously sent to school hungry and working parents who were now saved pre-school childcare costs. Many will continue to find the money to pay this but the most disadvantaged children will once again lose out. This will lead to a drop in their own educational achievement and to increased behavioural issues which will impact on their classmates.

The council tax freeze must end, with all its flaws it is still a fairer way to raise money than increased charging. It is four years since the Burt Report into local government finance and yet there is no new fair system in place. UNISON believes that a new progressive property tax needs to be introduced as soon as possible.

Moving more services to the private sector will only increase waste. Privatisation has already led to millions of pounds of waste. Across the UK public services are being brought back in house. APSE has recently published a guide to bringing services back in house. There is clear evidence that privatisation costs, not saves, money. The APSE report indicates that the benefits of bringing services in house include:

- Improved performance and governance
- Cost efficiency
- Community wellbeing and satisfaction
- Local economy
- Flexibility and added value
- Service integration
- Employment considerations
- Quality of services.
- Sustainability.

(See Insourcing: A guide to bringing local authority services back in-house <http://www.apse.org.uk/publications/order-form/iinsourcing.pdf>). The voluntary

sector has much to offer in terms of service delivery but it cannot be used as the cheap option. Some voluntary organisations are being contracted to perform public services for less than those services cost to deliver - putting at risk the quality of services for the most vulnerable in society.

Conclusion

UNISON welcomes the opportunity to respond to this call for evidence. The current crisis is being used by those whose Neo-Liberal market ideology got us into this financial crisis, to reshape public services on the basis of their failed ideology. We believe that Scotland can continue to afford to provide excellent services delivered in the public sector.

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