



# **Scrutiny of the forthcoming spending review and Draft Budget 2012-13: 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**

**September 2011**

## **Introduction**

UNISON Scotland welcomes the opportunity to respond to the call for evidence from the Finance Committee regarding *scrutiny of the forthcoming spending review and draft budget 2012-13: 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**

Clear evidence is presented in both the *Spirit Level* and the committee's own report that inequality and poverty are the root causes of Scotland's problems. The Christie Review lays out clearly the value of prioritising prevention, reducing inequalities and promoting equality. Effective scrutiny of the spending review and the draft budget should therefore be based round what the Government plans will do to reduce poverty and inequality and to reduce the harm they do while they continue to exist, as well as the detail of preventative spending.

There also needs to be a proper examination of whether the money allocated for programmes and changes in ways of working is sufficient. Moves to preventative work do not mean that current workloads disappear. Indeed workloads in many public services are increasing as more work is added but few ongoing tasks disappear. This at a time when money is, at best, tight and job losses push work onto those left behind.

Just announcing new initiatives will not succeed. New ways of working need to be backed up by adequate funding. Either some work needs to cease or more people will be required.

## **Taxation**

If we are to tackle poverty and inequality rather than merely their consequences the government needs to focus on those with wealth as well as those without it. Raising more money is essential and the wealthy need to pay their fair share. Taxing the super rich makes society fairer by both providing resources to pay for services and by reducing the wealth inequalities that cause so much harm. While many of the tax levers remain outwith the Scottish Government's control they still have the power to act

The Government needs to bring forward plans for a fairer tax for local government. UNISON believes a property-based tax is the best way to fund local services – it is a reasonable indicator of wealth, simple to collect and hard to avoid. The wealthiest people tend not to be found living in small high rise flats in poor areas to avoid property tax. The delay in resolving this issue leaves local government with little control over its finances in a

time when budgets are under severe pressure. We cannot wait five more years for change.

The only tax plan the government seems to be working on is one that reduces taxes. Their claim is that this will create new jobs. There is little evidence that cutting taxes on business creates new jobs. If there is a link, it is marginal and there are more cost effective ways of using the same money to create more jobs. Most of the savings are likely to go into big company profits and shareholders pockets.

Devolution of taxation is not a free lunch because there will be a corresponding cut in the block grant. Northern Ireland estimates have just increased to £400m and it would be much more for Scotland. The Treasury estimate of £2.6bn may be an over estimate, but £800m is still significant. Even if the Scottish Government is right that the lower tax rate will lead to a higher yield, there will be several years during which public services will have to be cut to fund the gap. Obviously this is the worst time to take such a risk. In any case the evidence for higher yields (Laffer Curve) is again slim.

Lower tax rates in one part of the UK could come up against state aid rules and what is known as the Azores judgement. In essence Scotland could face an additional cut in public spending. The cost to the block grant could be as much as £1 to 1.5bn. The Government needs to find ways of getting more money rather than tax cuts.

### **Raising Income**

Increasing the income of the bottom end of the income scale is essential if we are to reduce inequality. An area of committee scrutiny should be how government plans will create jobs, and whether these jobs will play a living wage. Moving people from being unemployed and poor to working and poor will not prevent negative outcomes. The government should ensure that the living wage of £7.20 should be the minimum across the public sector and use procurement rules to spread this to the private and voluntary sectors. Ensuring that work pays is the key to reducing poverty and inequality.

Ending low pay for women would be a significant step in tackling gender inequality. The gender pay gap not only means women earn less than men in their working lives it also impacts on their pension. Equal pay is widely recognised as the greatest destabilising force to hit local government finance in recent years. Despite compensation payments running to several hundred million pounds, low paid public service workers are still pursuing tens of thousands of equality claims. The slow and costly progress towards pay equality needs more action taken to address this issue, including the use of capitalisation.

## **Services**

There is widespread agreement that support in the early years will be very effective. The key roles in this area are undertaken by our members in health, nurseries, social work and schools. UNISON members recognise the value of this focus. They have driven this change. Transition needs adequate funding and training and development for those who are delivering.

For example, Health Visitors now support breastfeeding, run the Positive Parenting Programme, are introducing new family health records and taking on the 30 month check up. These add substantially to workload yet other work has not gone away. They still have many child protection crises and families who need high levels of intervention. This is mirrored across early years workplaces. The change in direction is positive but the funding and staffing levels are not adequate to do the work that needs to be done.

It will be some time before the investment in early years produces the expected savings in terms of health, crime, antisocial behaviour. Acute/unplanned service need will be with us for some time, whether in health care, social work or justice. Support for those living with both physical and mental health problems will though cut down on the high costs of unplanned admissions. This work is spread across both the voluntary and public sector. Interventions are labour intensive and take time to work. People don't change overnight. A long term approach is hampered by the short term/project based nature of their funding. Cost pressures in the voluntary sector now mean that employers such as Quarries are asking staff to take reductions in pay of 20% in order to save their jobs.

If we are to change our approach we also need to ensure that the public at large understand the value of the work done in preventing negative social outcomes. Jobs like street football coordinators, teenage pregnancy coordinators and health eating advisors are highlighted as 'non-jobs' by those who want to undermine public services. Yet these types of roles are very effective in reducing anti-social behaviour and will have long term health benefits. They are also often funded in imaginative ways and in discussion with local communities about their needs. Attitudes to these roles need to be tackled if people are to be willing to see funds used in this way.

Feedback from our members delivering services is that while cuts are not on the scale that gets the sort of news coverage of, say, a factory closure, they are having a substantial impact on the ground. One, by no means unique example, is in health services. Problems with the skills mix in teams are adding to the workload issues created by job cuts. The more experienced staff find redundancy an attractive option and volunteer to go. This means their skills are lost on top of this where there are vacancies cost pressures mean they are filled at lower grades. Staff require on-going professional development and specific training to ensure services are at a

high level. Staff are only able to learn from experience if they have time and space to reflect on that experience, and experienced colleagues to support that development. The ability to support people with mental health problems and a range of chronic health complaints (like diabetes or epilepsy) in their own homes and communities is being compromised. Failing to support people in communities will lead to costly acute admissions and is exactly the opposite of preventative spending.

### **Employment**

The Government's programme should also be judged on its ability to create jobs and to ensure that people have the skills to take those jobs. Many disadvantaged people, particularly the young, need a great deal of support to get and keep work. Older people need to be able to continue to develop skills for a changing economy. While websites have many uses the careers service is about more than that. Less focus on expensive IT and more on programmes like Advantage where advisers work intensely with young people in schools to ensure they are ready and able to find and keep work and training will save a great deal of money on both benefits and the justice system if these young people can be kept on track. We would also like to see more support for programmes like Union Learning which have been very successful in boosting basic skills in the workplace.

### **Climate Change**

It is disappointing that climate change seems to have dropped off the preventative spending agenda. This will need to be tackled if only to avoid wasting money on the penalties for non-compliance with legislation. This is though an opportunity: spending on climate change will have a substantial impact on many of Scotland social problems and create skilled well paid jobs. The Scottish Government has, in 'Low Carbon Scotland: Report on Proposals and Policies' (RPP), reflected that there are 'significant opportunities associated with the transition to a low carbon economy' including: the potential for low carbon activity to grow to 10% of the Scottish economy by 2015; 130,000 jobs in the low carbon sector by 2020; savings for consumers totalling £8.5 billion in their fuel bills by 2050; and £464 million efficiency savings for farmers by 2022.

Improving public transport and making walking and cycling safer and easier won't just cut down carbon emissions it will improve people's physical and mental health.

### **Housing**

Housing is a key issue. Poor housing impacts negatively on the physical and mental health of both adults and children. Building greener affordable homes and improving current stock will save public money in the long runs and reduce heating bills for residents as well.

## **Conclusion**

While the principle of preventative spending is sound the reality is that there is not enough money to fund the services. Scrutiny of the budgets needs to go beyond the announcements of new things and look closely at the reality of how they will and are impacting at the front line. The voices of users and staff need to be heard to understand how our services are meeting the needs of Scotland.

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