

Taxing Questions

The current tax debate is about cuts and freezes not fairness. Local government is facing massive cuts and a painful council tax freeze. If we want good public services then we need to set up a fair way to fund them. The Scottish Government has all the powers needed to reform local taxation, even Council Tax benefit is within their remit. So what should a fair system of taxation look like? How do you tax all forms of wealth and use progressive taxation to reduce inequality?

UNISON has looked at all the options including a Local Income Tax (LIT), Land Value Tax (LVT) and a fairer property tax. All of these were examined six years ago in the [Burt Review](#), the most thorough look at local taxation in Scotland in a generation.

The problems with LIT are well documented as the many critical submissions to the Scottish Government's efforts to introduce this tax show. An effective basket of taxation needs a property tax otherwise the tax burden falls disproportionately on workers. Property is the hardest form of wealth to hide, its can't be moved abroad to a tax shelter. The richest have a range of options to avoid tax on their earnings.

Land Value Tax is a property tax and therefore starts from the right place. However, while it taxes the owners of land there is nothing to stop the owners passing the cost on to tenants. The biggest difficulty is that two plots of land with very different properties end up with the same charge and few people will perceive this to be fair. Bills will be hard to understand as people roughly know the value of their property, but not the land value alone. We have poor data on which to base valuations and collection will be difficult from owners who can conceal their ownership through companies - breaking the link between local taxes and local democratic accountability.



LVT undoubtedly does start to address a number of issues around land speculation, housing policy and would support land reform. [The Mirrlees Review](#) suggests LVT as a possible replacement for business rates not council tax, if the problems with the valuing land and collecting the tax can be resolved.

Taxing properties remains the best option for a local tax because of the obvious link between where you live and your council. The debate should be about the detail: bands versus discrete values, how often revaluations should take place, what exemptions there should be i.e. for carers, people with disabilities and how you best support those on benefits/low incomes. It has to be recognised that there are no easy solutions.

Politicians are nervous of tax reform: the best options all involve political risk. Even with transitional arrangements no politician has yet had the bottle to take the plunge. The state of local government finances mean that the status quo is unsustainable, if we want good services we need to sort out a fair way to pay for them.

Three things to do today:

- [Learn how to access social data](#)
- [Read about the private sector's changing attitudes to outsourcing](#)
- [Ask a friend to join](#)

Myth Busters

Recent [research](#) highlighted on the [Shanker blog](#) shows that not only are unions good for workers they are good for service users too. Despite the rhetoric, when you compare like with like, public sector workers in the US (and the UK) are underpaid in comparison with their private sector equivalents. Even their slightly better benefits like pensions and healthcare do not make up for the wage gap. The research by the Employment Research Network and Labor Employment Relations Association shows that in states where public sector workers are unionised and have bargaining rights there is no pay gap with their private sector equivalents.

Again contradicting those who claim that unions hold back reform this analysis shows that highly unionised public sector workforces improve services. Unions also speed up the process by which change is agreed. Southwest Airlines is the US's most profitable and unionised airline. It reached contractual agreements in half the average time required by other airlines. What unions do less well is sharing and celebrating these successes. Email us at k.sillars@unison.co.uk and we can share your success more widely. Why not tell a colleague who is not a member why joining a union is good for members and service users?

Chamber of Secrets

No one knows just how much money is being siphoned out of the public sector and into private pockets. Social Enterprise UK's report [The Secret State](#) found that because of the complex layers of subcontracting involved scrutiny is almost non-existent. Profits are made at each level. Money that could be reinvested in communities is being lost. This is the real waste of public money.

Social Enterprise UK is the national body representing the interests of social enterprises. As an organisation they therefore lobby for and support the third sector bodies who currently deliver outsourced public services.

The report highlights a range of problems. Service provision is increasingly concentrated in a small group of large companies which are becoming "too big or complex to fail". Serco now operates services in prisons, transport like Docklands Light Railway, maintenance for missile defence systems, leisure services, waste collections and education. Instead of the promised advantages of competition; a range of providers to give choice, savings and innovation, we have a few giants dominating the sector.

Layers of sub-contracting

The UK Border Agency issued eight contracts worth £1.7bn for asylum seeker services, they only went to three companies. A quarter of the £3.3bn Work Programme contacts went to one company.

Commercial confidentiality and the complexity of the web of outsourced contracts make it very difficult to find out who owns the service providers and to see where such huge amounts of public money end up.

Contracts include complex layers of subcontracting with profits taken out at every level, turning public money into private wealth.

When providers fail to deliver they still get other public sector work.

Bidding on price is fuelling low pay which increases the need for in-work benefits raising public sector costs.

Care homes for adults and children are being relocated to where care is cheapest moving vulnerable children and adults many miles from their homes and families.

Too Big To fail

Where problems arise the public sector has to step in and taxpayers bear the cost. G4S and Southern Cross are the highest profile examples.

People are largely unaware of the levels of outsourcing in the public sector. Most think that care services like children's homes are delivered by the public sector when in fact the majority are owned by the private sector.

Two thirds of people believe it is unacceptable for profits to be made from running children's care homes, hospital, health services and policing. Many are unaware of just how widespread this is.

Homecare staff are increasingly being paid by the minute not the hour and are not paid for the time it takes to travel between visits. The visits themselves are being reduced to 15 and 30 minutes increasing the proportion of the working day that workers spend unpaid in transit

While Social Enterprise UK are happy that their members deliver outsourced services, the report does highlight many of UNISON's concerns about the whole outsourcing agenda. Much more needs to be done to highlight the risks to service users, particularly vulnerable adults and children in care settings due to the providers seeking to maximise profit over the needs of service users and the workers delivering those services.

New Tyranny

"As the years have advanced the noose has been progressively tightened round workers' necks."

That's one of the less cheery contributions to a [study](#) of management techniques carried out by Professor Phil Taylor from Strathclyde University's Business School at the request of the STUC.



The conclusion of the report is that the unrelenting intensity of work generated under new forms of Performance Management is having a significantly negative impact on employees;

Such management practices are not merely unjustifiable on grounds of welfare, decency, dignity and well-being, but also counterproductive from a managerial perspective. They require enormous commitment of resource by middle and front-line management and serve merely to create a deep well of discontent amongst a highly pressurised workforce.

Much of this will be unsurprising to those trying to deliver public services, but the evidence provided and processes illustrated should make it compulsory reading for policy makers throughout Scotland.

Bearing in mind the current situation where public services are being subjected to continual reorganisations based on the falsehood that 'cheaper' and 'efficient' are the same thing. As the workforce shrinks remaining staff struggle to deliver services from shrinking budgets. The techniques so effectively critiqued by Professor Taylor are becoming more common.

This really has to change. Effective reform is more likely to come from the bottom up - rather than a target imposed from above.

Who's looking at your secrets ?

Two thirds of data breaches are in outsourced systems. Public service managers making procurement decisions need to consider this level of risk before outsourcing services.



The information comes in research by Trustware an internet security firm. While their report is clearly an exercise aimed at selling data security it does raise serious concerns about the outsourcing of IT and record keeping in the public sector.

The public sector holds a vast amount of highly personal data about citizens. Breaches in data protection harm more than the individuals concerned. It undermines our wider democracy as trust in government declines. A recent special edition of the Economist suggest that people in Nordic countries are willing to pay higher taxes than many in the UK or USA because of their high levels of trust in the public sector.

Breaches also undermine the services provided. People are less likely to share information with staff making it harder for service providers to help them or in some instances people will avoid using services at all.

IT services are core work for public sector bodies. The next article gives more detail on why many in the private sector are bringing services back in house. This startling figure on the higher risk to data security when outsourced adds to the reasons why in-house services should be maintained.



Outsourcing is outdated

A recent special report in the economist (19th-25th January 2013) on outsourcing looked at why big companies like General Electric, Google and Caterpillar are moving jobs back in-house. Consultants like KPMG and McKinsey are also reporting "in-shoring" as a significant new business trend.

"it has become increasingly clear that outside firms usually cannot do boring back-office work any better and often do it worse"

Despite the promises made by "big shed" service providers outsourcing has not delivered savings or the efficiencies promised. The Economist report writes that managers are saying that: "it has become increasingly clear that outside firms usually cannot do boring back-office work any better and often do it worse."

Data management is becoming increasingly important to organisations so having this handled externally, particularly if its abroad, is proving to be very risky. Managers found that external providers could no longer respond quickly enough to changing needs of a business. The companies deliver what's in the to the service level agreements: "outsourcing partners are concerned with their profits not yours".

As UNISON regularly points out, so called backroom work is complex

and strategic and needs to be in-house so that the people undertaking the work both understand the overall aims of the organisation and can respond quickly to changing demands of customers or citizens.

The evidence shows that managers want to be able to be in regular contact with such crucial business information and so have ended up creating shadow systems to keep on top of their needs. Business needs to innovate and outsourced partners don't do that for you.

"outsourcing partners are concerned with their profits not yours"

Tech Republic reported that European firms have increased their use of in-house IT services (and their own cloud service for data storage) from 45 to 66 percent since last year.

Rising costs and logistical difficulties of long distance transport and improved wages in India and China have also reduced the savings made in labour costs which means the downsides of outsourcing are not offset by cheaper costs.

The public sector cannot afford to waste money on outsourcing and externalising its so called backroom services based on what are already outdated private sector models. As the private sector has discovered there are costs to distancing these essential services from the core work of an organisation.

Reducing Health Inequalities

Local Government has a central role to play in reducing Scotland's high levels of health inequality. COSLA and NHS Scotland have produced a [new guide](#) for councillors to support them in this role. The Christie Review highlighted the importance of reforming our services to ensure that public sector bodies work together and focus more money on preventative spending rather than trying to fix what has already gone wrong. This will both save money in the long run and ensure that money is spent effectively.



- Prioritise disadvantaged groups
- Provide accessible services (i.e. good transport links)
- Offer intensive support
- Do not only target geographical areas defined as deprived: you will miss the vulnerable who live elsewhere
- Take into consideration that rural areas have people experiencing inequalities that may be harder to identify
- Local policy should not be discriminatory
- Ensure that local agencies work together with common aims and measures to reduce health inequalities

Branches may find the section on councillors' responsibilities as employers in relation to healthy working lives useful. The most commonly reported reasons for workplace absence are musculoskeletal disorders and stress, depression or anxiety.

Key suggestions for action to address health inequalities:

- Provide services universally but with scale and intensity that are proportionate to the level of disadvantage

The paper recommends the Healthy Working Lives Awards Programmes step by step guide to achieving a healthier workplace and highlights work done at Inverclyde council like smoking cessation classes, mental health support groups and even walking routes to work.

Improved access to information

A new online mapping tool will enable workers in community planning to utilise public data sets quickly and easily. Information on a range of issues from health, to the economy and education at both council and neighbourhood level will be available at a click of a mouse. The portal can be accessed via the [Improvement Scotland website](#).



Viewstat offers access to

- outcomes and outcome measures covering areas like income and economic participation
- Scotland wide, local authority or neighbourhood level data

Users can

- examine single outcomes or a range at the same time

- Compare councils or neighbourhoods
- Set and monitor targets at neighbourhood level.

While this information has always been available. Viewstat not only brings all the data to one access point, it needs no specialist statistical or technical knowledge to use.

The next stage of the programme will allow users to upload their own data. Historical data will also be uploaded to help identify trends over longer period of time.

If you would like more information on any of the articles in this newsletter or have information you would like to share in the next issue please contact: [Kay Sillars](#) in the Bargaining and Campaigns team on 0141 342 2819 k.sillars@unison.co.uk



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