



Local Authority Cultural Trusts

Response to the Call for Written Evidence from the Scottish Parliament Education and Culture Committee

**The UNISON Scotland Submission to the Scottish
Parliament's Finance Committee September 2012**

Introduction

UNISON Scotland welcomes the opportunity to respond to the call for evidence from the Education and Culture Committee. We are the largest union in local government representing over a hundred thousand people. UNISON members pay taxes as well as delivering and using public services and are therefore in a unique position to comment on public service delivery in Scotland.

General Comments

UNISON Scotland welcomes the education and culture committee's decision to take evidence on the role of culture trusts. There has been a rapid expansion of the use of arms length bodies (ALEOs) to deliver local authority services and little scrutiny of their impact. Our experience across the UK is that there is little evidence of service improvements and the driving force behind setting up trusts is to save money via the avoiding VAT through obtaining charitable status.

Museums Galleries Scotland conducted a literature review: Delivering Public Services in the 21st Century (Heather Doherty June 2010) which found that not enough research has been done on alternative models. UNISON is concerned there is, if anything a speeding up of moves to use ALEOs, despite the lack of evidence on which to base this decision. What research there is has highlighted a range of issues.

No matter what statements are made in papers proposing moves to trusts the key driver is costs savings. This was highlighted in research into museum trusts in England and Wales published in 2006 which highlighted a range of concerns (Moving to museums trusts Adrian Babbidge, Rosemary Ewles and Julian Smith MLA 2006). Trusts were set up mainly a response to funding difficulties: pressure from the Arts Council, a Best Value Review or rationalisation of services' branch museums.

In terms of Gershon they found that the process of moving the service to trusts does not generate substantial financial benefits: there tended to be "non cashable" efficiencies. Museums are not particularly well funded so there little scope to make savings. The economies of scale involved in being part of a large organisation particularly in terms of maintenance and procurement can also lead to higher operating costs once bodies stand on their own. The report found no evidence that that devolution leads to better management of museums. There was also no evidence that museums are getting more private money as hoped. Most additional funding had come from public funding sources available to museums in general. Where there have been savings it is through exemptions for non domestic rates and VAT. There is no guarantee that the Treasury will not move to close this loophole in future or that an independent Scotland will continue with a similar exemption. There is also the moral question as to whether public bodies should indulge in tax avoidance.

One of the reasons given for the creation of trusts is that they will have access to alternative funding streams not available to bodies under local authority control. So far this has not materialised. Audit Scotland's report on Physical Recreation Services in Local Government (2010) also raised concerns about the reliance of ALEOs on council funding and the ongoing impact of cuts in local government finance on their future funding. Trusts are heavily reliant on local authority funding. Other funding streams which have been utilised have so far been ones which would have been available under LA control for example joint working with the NHS re health promotion strategies.

Public spending is under severe pressure. There will undoubtedly be cuts in LA funding to leisure trusts in future unless the current governments at Westminster and Holyrood change their plans. UNISON has concerns that the experience of our members in England will be repeated here. In response to funding cuts our members in leisure trusts have experienced cuts in wages and other terms and conditions and increased casualisation of the workforce (The Case Against Leisure Trusts ESSU 2006).

Some trusts have found that their costs have increased as they can no longer benefit from the economies of scale provided by being in a local authority. Other such as Glasgow Life found they had to create new jobs because of work previously done in other departments in the council, for example marketing posts. Some trusts have begun to expand across LA boundaries in order to regain these savings. Fifty per cent of leisure trusts have two or more contracts and Greenwich Leisure Trust has eleven

We have serious concerns about democratic accountability. Trusts spend public money and are delivering services to communities and therefore need to be directly accountable to local people. Our museums and galleries hold priceless artefacts owned by us all. Even as is currently the place in Scotland where they do not work across council boundaries, accountability is weak. Placing councillors on ALEO boards is the suggested route but in order to meet the rules required to get the essential tax exemptions the number of councillors is limited. As Audit Scotland point out: Councillors sitting on ALEO boards face a potential conflict of interest which can limit their ability to perform effective scrutiny or hold the ALEOs to account for their use of public money. The Companies Acts of 1989 and 2006 place a personal responsibility on all board members of a company to always act in the interests of the company and to abide by commercial confidentiality. This could clearly come into conflict with their role as councillors, either in their direct responsibility to the council or the community they were elected to represent.

The use of a range of ALEOs to deliver services also has an impact on the way services are integrated. We have increasing concerns that the use of culture and leisure facilities as part of a range of local authority strategies

for healthier living and improved mental health for example will be hindered as they become increasingly separate for other public services.

Finally, despite losing control over the services councils are not free from risk. When things go wrong the council has to step back in. This is either because it is a statutory service like libraries or because of political pressure as local people demand the service continues. Annandale and Eskdale Trust had to ask Dumfries and Galloway Council for handout of £40,000 for its financial crisis. They were not prepared for the rise in fuel costs. Aspire Trust, which had a contract to run East Hertfordshire's Leisure services, was £500,000 in the red within its first year.

Conclusion

UNISON is concerned that large sections of public service delivery are being shifted off to arms length bodies with very little research into the effectiveness of such change. UNISON Scotland therefore welcomes the committee's decision to take evidence on local authority cultural trusts.

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