



Draft Budget 2015-16

Response to the Call for Evidence by the Scottish Parliament Economy, Energy and Tourism Committee

**The UNISON Scotland Submission to the Scottish Parliament's Economy,
Energy and Tourism Committee**

July 2014

Introduction

UNISON is Scotland's largest trade union representing more than 155,000 members delivering services across Scotland. Our members deliver a wide range of services in the public, community and private sector. UNISON is the largest union in the energy industry in Scotland.

We welcome the opportunity to make this submission to the Economy, Energy and Tourism Committee in response to their call for evidence¹.

Call for evidence

The call for evidence has two parts: **'Increase exports'** – focusing on the 'increase exports' national indicator² in the National Performance Framework; and **'Follow-up issues'** – seeking updates on the issues it considered and highlighted in its report³ on the 2014-15 budget. Our comments include some general points, and brief responses on the first and second parts. We will provide a brief further update by 5 Sept only if we wish to add anything, after seeing the response from the Scottish Government on **'Follow-up issues'**, relating to additional information requested⁴, due to be published soon after 11 July.

General comments

1. UNISON reiterates our view that there is an alternative⁵ to the unfair and deeply damaging 'austerity' policies of the UK Coalition Government. As UNISON's 2014 Budget Response⁶ said: *"Austerity should be ditched in favour of a pro-growth strategy involving job creation and a package of early investment in the infrastructure and services our economy needs."*

2. The Response listed immediate steps that the UK Government could take (and provided figures to show how to pay for this): a moratorium on job cuts in the public sector; end the public sector pay cap (which is being threatened as necessary through to 2018⁷); help for the least well off; introduce a living wage (raising the National Minimum Wage in stages to the Living Wage level). Proposals included a planned programme of long-term investment in housing, infrastructure and green energy production – alongside proper funding for public services and making tax fair (tackling the UK tax gap of £32 billion, pursuing tax evasion to raise £90 billion, and raising £23 billion annually with a major financial transactions tax (FTT, or 'Robin Hood Tax') on UK financial institutions.

3. We believe that the Scottish Government, while constrained by UK funding cuts, still has many options on how best to tackle economic and social justice policies that will deliver a fairer Scotland and that will tackle health inequalities in particular – arguably the greatest challenge. (For our position on

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[http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Call_for_evidence\(1\).pdf](http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Call_for_evidence(1).pdf)

² <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/exports>

³ <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/70879.aspx>

⁴ <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/77643.aspx>

⁵ <http://www.thereisabetterway.org/>

⁶ <http://www.unison.org.uk/news/budget-response>

⁷ <http://www.heraldscotland.com/news/home-news/warning-public-sector-wage-freeze-could-continue-until-2018-x.24682952>

Scotland's constitutional future, see our 'Fairer Scotland' documents⁸. We also recommend the STUC's report 'A Just Scotland'⁹ and its recent submission to the Committee's Inquiry into Scotland's Economic Future Post 2014¹⁰.)

4. A series of recent reports and statistics (including shameful figures on the number of children living in poverty in Scotland rising by 30,000 to 180,000, almost one in five¹¹) paint a deeply worrying picture of the damage that is being done already by austerity policies, yet 60% of the cuts are still to come. We call on the Scottish Government to do everything within its powers, including using the full range of revenue raising powers at its disposal, to address the worst of these impacts, to support improved quality employment opportunities and to properly fund public services. Investment in public services helps create demand in the economy and helps maintain communities.

5. UNISON Scotland's newly published 'The Cuts Don't Work' report¹² shows that Scotland's budget is being slashed by more than £6 billion in real terms and gives a range of examples of how the cuts are hurting families across the country. It doesn't have to be like this. Decisions have been made at every level of government - local authority, Holyrood and Westminster – not to provide adequate funding for public services and to hold down public sector pay. The money is there to fund the services we all rely on daily if the political will is there to raise it. The richest people in Britain saw their wealth rise by £183 billion in four years, enough to pay off the UK deficit three times over.

6. A number of financial decisions are problematic, including the council tax freeze which has cost more than £2.5 billion and benefits the better off more than the poorest, who are then also hit hardest by rises in council charges, including for school meals, swimming, care at home, burials, bulk waste uplifts etc. And many cuts are false economies as preventive spending is important in so many areas, from early years to health and to climate change.

7. On health, UNISON Scotland is calling for a new structural approach that places health inequalities at the centre of public policy. Our July 2014 report 'Health Inequalities in Scotland'¹³ calls for all government policies and legislation to be assessed for their impact on health inequality. An equivalent duty should be placed on every public body and other organisations delivering public services. National indicators to monitor progress on reducing health inequalities should be reflected in revised National Performance Framework reporting that incorporates the proposals in Oxfam's Humankind Index^{14, 15}. Locally, Community Planning Partnerships are key for joined up action, understanding that health inequalities are not purely a concern of the NHS, but are about social inequality.

8. Among the decisions open to the Scottish Government which would save public money is a review of PPP/PFI contracts, buying out those where this

⁸ <http://www.unison-scotland.org.uk/scotlandsfuture/index.html>

⁹ <http://www.ajustscotland.org/files/Report/AJS2%20final.pdf>

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http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/STUC_2_Final.pdf

¹¹ <http://www.scotland.gov.uk/Resource/0045/00454875.pdf>

¹² http://www.unison-scotland.org.uk/publicworks/TheCutsDontWork_UNISONScotlandReport_June2014.pdf

¹³ <http://www.unison-scotland.org.uk/response/20140630HealthInequalitiesinScotland.pdf>

¹⁴ <http://policy-practice.oxfam.org.uk/our-work/poverty-in-the-uk/humankind-index>

¹⁵ <http://www.scotlink.org/wp/files/documents/Revising-NPF-2-April-2014.pdf>

makes financial sense. (UNISON also opposes the continued use of expensive PPP/PFI¹⁶ through the so-called Non Profit Distributing (NPD) model.) There are a number of examples of buyouts happening south of the border recently¹⁷, including one of a council, Northumberland County Council, providing a loan for an NHS PFI buyout. A 2011 Scottish Futures Trust (SFT) review didn't calculate potential savings because, it said, "*termination would bring assets back into the public sector for accounting purposes and the capital budget required for this is not currently affordable.*" The Scottish Government/SFT should revisit this. The example of the Northumbria Healthcare Foundation Trust finding that it made financial sense to buy out its PFI contracts for work on two local hospitals via the NCC loan, which NCC funded through the Public Works Loan Board, highlights what UNISON Scotland has always argued about the disgraceful waste of public funds on private financing when conventional funding is so much cheaper. Scottish councils, now closely involved with health boards as part of health and social care integration, may wish to look at this and might even make some income on such projects.

'Increase exports'

9. The STUC pointed out last year in evidence to the Committee¹⁸, "*whilst the STUC has long argued that a rise in net exports would be good for the economy, the target associated with this indicator is, to put it mildly, optimistic.*" The STUC argued that "*the low level of exports is more to do with industrial structure than a failure of Government to support exporting firms. Setting targets that have little credibility hardly helps goals to be realised.*" As part, therefore, of an overall economic and industrial policy that aims for full, quality employment, we believe efforts to 'increase exports' will only work well in conjunction with policies that support improved employment opportunities and quality public services.

10. The National Performance Framework indicator description for 'Increase exports' states that the 'related strategic objective' is 'Wealthier and Fairer'. The Wealthier and Fairer strategic objective description highlights four priority outcomes. Two of these are: *Our public services are high quality, continually improving, efficient and responsive to local people's needs;* and *We realise our full economic potential with more and better employment opportunities for our people.*

11. Tackling poverty pay should be a major part of both of these and it will help local economies. Procurement has a big role as it can be used to roll out the Scottish Living Wage to cover workers employed by contractors delivering public services^{19, 20}. This is especially important in social care, with too many of the jobs being poor quality, low paid, with low skills and high turnover - absolutely not what should be the norm for a service relied on by our most vulnerable people.

¹⁶ http://www.unison-scotland.org.uk/briefings/b016_PolicyBrief_PPPPFInScotland_December11.pdf

¹⁷ E.g.

http://www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=13945%3Aalondon-council-to-save-p12m-from-buyout-of-25-year-care-homes-pfi-contract&catid=53%3Aprocurement-and-contracts-articles&Itemid=21 and <http://www.lgcplus.com/briefings/joint-working/health/council-funds-pfi-buyout-for-nhs-trust/5071779.article>

¹⁸

http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Draft_Budget_2014-15_STUC.pdf

¹⁹ <http://publicworksscotland.blogspot.co.uk/2014/06/making-public-procurement-work-for-all.html>

²⁰ http://www.unison-scotland.org.uk/briefings/b056_BargainingBrief_ExtendingLivingWage_July2014.pdf

12. Even in the NHS in Scotland, which pays the Scottish Living Wage, thousands of staff are experiencing in work poverty. In the newly published UNISON NHS Glasgow Clyde and CVS Branch 'Standards of Living' Report²¹ researchers found that 48% of the 1700 mainly women health service workers who responded to the survey were experiencing 'in-work poverty'. One interviewee, from a single income household with children over 12, said: "*I couldn't survive without family help, just couldn't. And it's not help to buy luxurious items. It's for things like food and clothes, or something goes wrong with the car or the heating or something like that. It's for basic things like food.*"

13. Policies to drive up living standards are dependent on a change away from so-called austerity, as argued for above. The justification for such policies is in improved quality of life for our citizens, of which some factors, but not all²², are affected by the economy doing well. Obviously the fact that this contributes to increasing exports is not the primary reason to pursue such policies.

14. Specifically on exports, we want to make further points on food policy, as we note, from Scotland Performs, that: *The sector contributing the most to the increase in export value is the manufacture of food and drink, which is dominated by whisky production.*²³ As UNISON has highlighted in evidence²⁴ on the Food (Scotland) Bill, although Scottish meat is a highly regarded brand around the world, we believe this would be greatly enhanced if it could be promoted as a robustly regulated product. We have called²⁵ for the new Food Standards Scotland to recognise that protecting the brand requires independent inspection, so that the consumer can have confidence in the product. And we pointed out that cuts at local authority level have seen the numbers of Environmental Health Officers and staff dealing with food cut by 20%, with food sampling down by a third. The preventative and education work that the industry welcomes is also being reduced because of staffing cuts.

15. It is particularly worrying that the Scottish Government has recently pushed new regulations through Parliament that will allow meat producers to mince thousands of pig tumours and abscesses into pies and sausages. This is not helpful to promoting these products. The Scottish Government discussion document 'Becoming a Good Food Nation'²⁶ emphasises how well Scottish food and drink brands are doing worldwide, but doesn't recognise the vital importance of strong regulation and food safety. It takes only one food scandal to wreck a brand so shortcuts here make no sense. It's a bad food nation that puts production speed and profit before safety and quality. (Of course, addressing food safety properly will help Scottish exports, but is again not the main reason for doing it.)

'Follow-up issues'

16. Given limited space, we will comment only on the apprenticeships and the fuel poverty, energy efficiency and climate change matters. UNISON Scotland fully supports calls for the Scottish Government, Skills Development Scotland (SDS) and others to ensure equal access and participation in the policies and

²¹ <http://unison-scotland.blogspot.co.uk/2014/06/poverty-of-nhs-staff-unable-to-pay-for.html>

²² <http://policy-practice.oxfam.org.uk/our-work/poverty-in-the-uk/humankind-index>

²³ <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/exports>

²⁴ http://www.unison-scotland.org.uk/response/EvidencetoScotParlHealthCmttee_FoodScotlandBill_May2014.pdf

²⁵ <http://publicworksscotland.blogspot.co.uk/2014/06/what-goes-into-our-food-matters.html>

²⁶ <http://www.scotland.gov.uk/Resource/0045/00453219.pdf>

programmes within SDS. The Committee has asked the Scottish Government for an update on what budget and policies it has put in place to address the gender, ethnicity and disability imbalance in the Modern Apprenticeship scheme and to update on its response to Equalities and Human Rights Commission research²⁷, particularly in the light of the report of the Wood Commission for Developing Scotland's Young Workforce²⁸. We believe that there should be an industrial strategy for young people in Scotland that is fully inclusive. Equalities issues need to run through all workforce development work. We have welcomed²⁹ the Wood Commission's call for earlier careers advice. UNISON says this should be delivered by qualified careers advisers who can provide the face-to-face support that is vital for pupils.

17. UNISON is pleased that the Scottish Government has accepted³⁰ all of the recommendations in the Scottish Fuel Poverty Forum's final report³¹ of its review of the Scottish Government's fuel poverty strategy. As we stated in oral evidence to the Committee last year, energy costs are clearly one of the biggest burdens on low-paid people. Rising fuel poverty is just one part of the assault on living standards caused by the 'austerity' cuts. The recent survey of UNISON members working for the NHS in Glasgow found that 94% were proactively trying to cut fuel costs, including turning heating and lights off more. Nearly half only partially heated their homes. The Forum's report said that 27.1% of homes in Scotland are still currently living in fuel poverty. With the target date set at 2016 for the eradication of fuel poverty, there is still much work to be done.

18. Climate change targets are also challenging and the Scottish Government has missed the first three targets, which somewhat casts a shadow over the claimed world leading ambition. Stepping up policies to cut emissions, including investment in renewable, district heating etc. are essential and should attract cross party support if we are to ensure targets are met in future.

Conclusion

We ask the Committee as part of its budget response to oppose austerity and propose ways to fund a Fairer Scotland.

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²⁷ <http://www.equalityhumanrights.com/about-us/devolved-authorities/the-commission-in-scotland/research-in-about-us/devolved-authorities/the-commission-in-scotland/modern-apprenticeships>

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<http://www.scotland.gov.uk/Topics/Education/edandtrainingforyoungple/commissiondevelopingscotlandsyoungworkforce>

²⁹ <http://www.unison-scotland.org.uk/news/2014/mayjun/0603a.htm>

³⁰

http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/General%20Documents/Letter_from_Nicola_Sturgeon-_Fuel_Poverty-_19_May_2014.pdf

³¹ <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/warmhomes/fuelpoverty/ScottishFuelPovertyForum/final-report>