



Draft Budget 2017 -18

**The UNISON Scotland Evidence to the Scottish Parliament Local Government
Committee: draft Budget October 2016**

Introduction

UNISON is the largest trade union in Scottish public services. Our members deliver services, pay taxes and also have a wider citizenship interest in how services are provided and paid for. Members have a unique perspective on public service delivery meaning they can make a valuable contribution to the policymaking process. UNISON Scotland welcomes the opportunity to respond to the call for evidence from the Local Government and Communities Committee regarding the draft budget

Evidence

It is very difficult to respond to calls for evidence on a budget when there is so little information available. Our comments are therefore based on the Scottish government's statements and published programme for government and members' experience of recent local government budget cuts.

Public expenditure in Scotland faces year-on-year real term reductions, despite recent comments made by the UK Chancellor of the Exchequer stating that the end of deficit reduction targets we do not expect that there will be any substantial increases in public sector funding and therefore consequent increase in the block grant. Fortunately, going forward the Scottish government will no longer be tied to funding levels set via the Barnett formula, with around 40% of devolved expenditure funded via Scottish taxes. UNISON is calling on the Scottish government to use its powers to increase funding for local government.

So far the decisions made by the Scottish government mean that local government is bearing the brunt of the cuts to public sector budgets. While the Scottish budget has been cut by 5% local government budget have been cut by 11%. Of the 31,000 jobs cut (allowing for transfers) in the devolved public sector, a staggering 87% have been in local government.

UNISON has produced a range of reports in our 'Damage' series, which show that cuts are already impacting on the quality of services. While redundancy has been voluntary, work doesn't disappear and the remaining staff have had to take on extra work while services are salami sliced. This is no longer sustainable: Service levels and quality cannot be maintained without adequate funding.

The Christie Commission highlighted the need for public sector reform to be both bottom-up and to focus on prevention rather than cure. "Preventative spend" means that people avoid problems rather than treating them down road. This is how we will make savings on budgets like health, police, criminal justice and social work. Local government is the key delivery body for preventative services. Services like refuse collection, street cleaning, and environmental health directly ensure that we avoid ill health by removing the sources of disease from our communities sports facilities, parks, and allotments offer free or inexpensive routes for people to keep fit, active and healthy no matter their age or ability.

Local government also delivers direct health and care services. Housing is also a key health service. A decent safe secure affordable home is vital to both mental and physical health. Education one of the highest profile local government services. As well as teaching the subjects children need to pass exams and get jobs, schools deliver a range of health and relationships education. Schools are also the gateway to a range of other agencies which can support families like educational psychologists and social workers. Investing in local government is the best way to ensure we move to preventative spending and realise the promised long-term savings. This is about more than financial savings - lack of investment in preventative spending are ruining lives.

Question 1: We want to hear your views on the impact of budget reductions to date on local services, etc

The Scottish budget has faced unprecedented cuts since 2010 and the outlook for the budget to 2020-21 is not encouraging. This year, Scotland's resource budget is around 5% lower in real terms than it was in 2010-11. While we need to await the UK Autumn Statement in November to see what a 'reset' for UK fiscal policy actually means – it is unlikely to mean an end to austerity. The Fraser of Allander Institute report (Scotland's Budget 2016) report suggest that the Scottish budget could be cut by between 3% – 4% in real terms by 2020-21 and up to 6% – around £1.6 billion – under a worst case scenario. The Scottish Government has so far decided to make only a modest use of its new powers.

Despite this difficult financial position, the Scottish Government has announced plans to increase health spending by £500m more than inflation by the end of the parliament. It has also committed to maintain real terms spending on policing and has a flagship policy of doubling the provision of free childcare with a £500m price tag. We believe that the £500m substantially underestimates the real cost of delivery, unless the intention is to encourage a new race to the bottom in the quality of Early Year's and Childcare. The report says that delivering these commitments will require difficult decisions and a serious re-prioritisation of existing spending. This means that other 'unprotected' public services could face an average reduction of 10% to 17% (2.6% to 4.5% annually) in real terms by 2020-21.

Local government is likely to yet again face the brunt of the cuts. As an area of 'unprotected spend', the Fraser of Allander report suggests that the grant to local government could be reduced by around £1 billion on a like-for-like basis by 2020-21 – with increases in business rate and council tax income only partially offsetting these cuts. While welcoming the end of the council tax freeze UNISON believes the Scottish government proposals do not go far enough in reforming local taxation and will undermine local democracy. More detail is available [here](#).

UNISON has been conducting a range of surveys among our members assessing the impact of cuts on the services they are attempting to provide. The reports based on those surveys are available [here](#). The reports all tell a similar story of salami slicing of budgets and reduced staff numbers leaving remaining staff under enormous pressure, trying to maintain services with fewer resources. The most recent report on care services is typical of our findings.

'We care, do you?' looks at the state of social care in Scotland and asks the staff who deliver the service to describe their experiences. The survey revealed:

- 9 in 10 (88%) said they were limited to specific times for client visits, with many reporting this was too short a period to properly cater to a client's needs.
- Four in five said they believe the service has been affected by budget cuts or privatisation with carers saying the emphasis was now on "quantity rather than quality".
- Over a quarter (26%) said they were not paid for their travelling time.
- Two thirds (66.5%) said they did not have anywhere to go between visits to have a meal, hot drink or toilet break.
- Nearly half (43%) said they worked longer than their contracted hours.

Across all the groups we have surveyed we see public sector workers struggling to get their jobs done, working unpaid hours to try to meet demand.

This is unsustainable: services can no longer be maintained at either the current level or range without adequate funding. Either funding increases or the services will stop.

Question 2: We want to hear your views on the extent to which local authority spending decisions prioritise funding for policies that are likely to reduce inequalities.

Local authorities have been managing the substantial cuts to their budgets by salami slicing services. Our Damage reports indicate that so far there has been little reorganisation/review of delivery - staff are just expected to try and cope with less resources. Local authorities are increasingly forced to focus on statutory services. Despite a lot of discussion there is very little sign of any movement towards preventative spending or that which would reduce inequalities. In fact the current funding cuts are increasing inequalities as it those on the lowest incomes who most rely on council services and cannot afford to purchase services elsewhere when council services are reduced or withdrawn. The increasing and/or introduction of charges for services also mean that those on the lowest incomes struggle to access services. While school meals are now free for P1-3 there are still many low income families just above the qualifying income threshold for free school meals who are now facing growing costs for school lunches for older children. School trips/outings are increasingly expensive leading to those cannot afford them missing out on educationally enhancing or confidence building activities fueling the attainment gap. Examples of increased charging we collated in 2014 are [here](#).

These are just a few examples of the increased charges service users face. Increased and new charges vary from authority to authority: Other examples include bulk uplift of rubbish; resident's parking permits, attendance at day centres for elderly and disabled residents, and meals for housebound residents.

While personal care is free for those over 65 that is not the case for people living with disabilities who face mounting bills for social and personal care. Last year [the Herald](#) highlighted a growing crisis as people go into arrears for bills for services they can't live with out.

UNISON is very supportive of the government's commitments to expand childcare and close the attainment gap, we are though concerned that the funding required to deliver these transformative policies has not been worked out fully. The budget announcements do not appear to be adequate to the tasks. Given that there is also no commitment (other than small tweaks with the council tax) to increase taxes to pay for these commitments these changes will have substantial impact on local authorities' ability to pay for other services.

Our [briefing](#) outlines how local government plays a vital role in reducing the impact of and eradication of poverty and inequality. Warm words about tackling poverty and closing the attainment gap need to be matched with appropriate funding to deliver the services needed.

Public services should also play a vital role in fight poverty and inequality. As employers by paying decent wages and offering good terms and conditions to their own staff, by ensuring this through procurement for those working on their contracts and by modeling this behaviour to their employers. Job cuts in local government have clearly impacted on the livelihoods of those who have lost their jobs and in procurement in general and social care in particular lots more needs to be done to ensure those employed via public money are not living in poverty.

Question 3: We therefore invite written evidence on how General Fund Balances are used by local authorities and in particular the extent to which the General Fund Reserves are being used being used to offset savings in the short to medium term.

UNISON has engaged with local authorities encouraging them to review their reserves policies. Local authorities should keep reserves as part of long term planning and as a rainy day fund. We have pointed out that this is the very rainy day they have been preparing for. It appears that, excluding Orkney and Shetland Islands, councils have approximately £1.9billion in useable

reserves but only £375m in unallocated. Audit Scotland's overview of local government in 2016 indicates that councils have been increasing their useable reserves in recent years in anticipation of budget cuts. Thirteen councils planned to use reserves for day-to-day spending in 2015/16.

While we have encouraged reviews of and some use of unallocated reserves where appropriate we also accept that much of the wider reserve pool is necessary for unforeseen/unpredictable issues particularly as climate change leads to increased weather related events like flooding and landslides. There are also still possible equal pay liabilities. As Audit Scotland stated "using reserves to support day-to-day spend is unsustainable"

Reserves are part of prudential long-term financial planning. Local government needs sustainable, predictable long-term budgets to provide the services that people rely on locally. Widespread reserve reallocation is not the answer. The Scottish government needs to provide both adequate funding for local government and systems for local taxation which allow local government to adequately fund the priorities set locally by their citizens.

Question 4: What are your views on the range of local authority activities that should be considered 'local Government budget' as compared with funding that is provided elsewhere but which may support local government activities and outcomes?

UNISON welcomed the end of ring-fencing of local government funding but that does not relieve the Scottish government of responsibility for both proper costing and then adequate funding for initiatives/programmes that it expects local authorities to implement. There needs to be much more openness and accuracy round the real costs running services and any additional programmes/duties that local authorities are expected to undertake.

The picture of local government budgets/funding has become increasingly Byzantine. For example, social care budgets being routed through the NHS. Politicians love to announce small pockets of funding for projects; they look as though they are getting things done but our members and local government services users can see that jobs and services are being cut and no matter what spin the government tries with figures and funding streams it is clear that the amount of money available to local government to deliver services has been cut substantially.

Announced figures for projects also show little that indicates that they are based on any understanding of the costs of running the programmes that are being announced. Extending "free childcare" was announced in 2007 but research undertaken into the costings was only published in September 2016. Even following spend through local authority budgets is complex as no one budget header covers all the costs of a programme.

There are also a range of funding streams that provide grants which, while providing additional resources, take up a lot of time and effort to obtain by already overworked staff particularly in small teams. While there is lots of value in "good news" funding announcement for the politician making the announcement, having complicated grants based funding streams is costly to negotiate and can increase inequalities as it usually the best educated and connected that know about and how to obtain grants.

Also paying for day to day work doesn't attract the same interest in the media as the next "big idea", but the basic stuff is often the most important to the needs of service users. Some schools have benefited from funds set up for "green" projects, meaning it's easier to get funding for plants and raised beds in schools than get a classroom cleaned every day or get paints and pencils. On top of this teachers and head teachers are spending time applying for grants rather than on teaching. Where funding is also available through parent councils, like funds from third sector grant making bodies, then inequalities can also be increased as those parent councils

where parents have the skills to successfully apply for grants can increase their already existing advantages by getting more funding for their children's schools.

Applying for funds costs more than just the time of the applicant, there is also the cost of those allocating the funds. It would be considerably more cost effective and efficient to have minimal ring fencing of funds from the Scottish government. Then allocations for national strategies could be tied to realistic costings with more powers for local government to increase its own budget, through a new progressive local property tax and an expansion of taxes/powers for local government.

Housing Supply Budget

Centrally managed funding programmes

UNISON Scotland believes that investment in social housing – including specifically council housing - is the key to addressing Scotland's housing crisis. The scale of the crisis is simple to state: the latest figures show over 150,000 households on council waiting lists, over 10,000 households in temporary accommodation and almost 30,000 people assessed as homeless.

We have given a guarded welcome the Scottish government's announced increase in the target for 'affordable housing' to 50,000 over a five year period from April 2016 to March 2021, as it is at least a step in the right direction. However, we note firstly that this falls short of the widely agreed figure proposed by Shelter Scotland that the minimum number of homes required would be 12,000 each year over five years – a total of 60,000.

Also, only 35,000 of the target are planned to be on the social rented sector - this means that a substantial part of the housing supply budget will be going to subsidise the private housing market which has clearly failed to meet Scotland's housing needs over the recent decades.

We note that the upper limit to the price of houses in the private sector which can be sold and subsidised as 'affordable' housing has been £250,000 – this is not really affordable to many people who are in need of housing now. We also note that this limit, which has been subject to some criticism, will now be reduced in gradual steps to £175,000 by 2019. We believe that even with these reductions in limits it is questionable whether such housing is actually 'affordable'.

UNISON Scotland argues that the most cost-effective way to meet Scotland's housing needs would be to increase the funding going to social provision of housing – especially through local councils. Our paper 'Making Homes for a Fairer Scotland' in June 2013 outlined a new housing programme for Scotland which we believe is even more urgently required now.

http://www.unison-scotland.org/library/MakingHomesForAFairerScotland_June2013.pdf

Innovative financing and affordable housing

UNISON Scotland is under no illusion about the constraints which the Scottish government faces. We have outlined our proposals for changes to taxation at Scottish and local level elsewhere which would mean some extra resources were available for investment in much needed housing.

Local authorities should also use their prudential borrowing powers to fund an expansion of social housing. We have also made a proposal – with the support of the Scottish Federation of Housing Associations - for innovative financing to invest in our housing needs, using some of the

assets represented by public sector pension funds in our publication, 'Funding and Building the Homes Scotland Needs' (March 2013).

[http://www.unison-](http://www.unison-scotland.org/library/FundingAndBuildingTheHomesScotlandNeeds_Mar2013.pdf)

[scotland.org/library/FundingAndBuildingTheHomesScotlandNeeds_Mar2013.pdf](http://www.unison-scotland.org/library/FundingAndBuildingTheHomesScotlandNeeds_Mar2013.pdf)

This would put these funds to constructive use with Registered Social Landlords providing low risk and socially useful investment, instead of investing billions in overseas equities – not to mention arms companies, tobacco firms and fossil fuels. There has been some limited take up of this proposal and we would urge the Scottish government to do more to make it happen widely.

Appropriate mix of affordable housing – mid market vs social or private

To reiterate our point above – UNISON Scotland believes the private markets have been failing and that the homes we need and can afford would be best provided through the social rented sector – including through local council house building. Though it is appropriate for Registered Social Landlords to address local demand for 'mid market' properties, and this can provide the option to cross-subsidise their social rented properties, it is clear that only large scale investment in truly affordable social housing – including council housing – will address the housing crisis

Question 6: To what extent do the Resource Planning Assumption and the Strategic Local Planning Agreements processes effectively enable local housing needs to be prioritised and resourced?

No view.

Question 7: We seek written responses on whether the increased subsidy levels will support new housing developments; and in particular whether the flexibility in subsidies will improve the provision of housing for older people or for people with particular needs.

See response to question 5 above – UNISON Scotland believes that social housing (overseen by democratically accountable local councils, and delivered by local social landlords including specifically councils themselves) is the most effective way to address Scotland's housing needs. Subsidies to the private sector are unlikely to be as effective in providing the housing we need.

Question 8: Do you have any other comments to make about the outcomes the Scottish Government seeks from its Housing Supply Budget and how it delivers those outcomes?

The Scottish Government has set a target for 'affordable' housing of 50,000 over the next five years. However this figure falls short of the number required, estimated to be at least 60,000 in the same period. The figure of 50,000 also includes housing which is arguably not 'affordable' and this would take funding out of the Housing Supply Budget to provide subsidy in the private market which has failed to meet housing need in recent decades. UNISON Scotland would argue that more funding is required – from taxation and from other sources such as public sector pension fund investment. This should be used to provide enough social housing, including council housing, at truly affordable rents to address the pressing demand for homes in Scotland now.

For further information, please contact:

Dave Watson d.watson@unison.co.uk

Kay Sillars: k.sillars@unison.co.uk

Malcolm Burns: m.burns@unison.co.uk