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Dear Derek

Barclay Review

In your recent announcement on the Barclay Review of non-domestic rates, you indicated that you were giving further consideration to the recommendation to remove rates relief and the associated funding from Arms' Length External Organisations (ALEOs). UNISON Scotland is the largest trade union representing staff in the leisure and cultural services provided by these organisations and I am writing to set out our concerns over this recommendation.

UNISON warned when these organisations were established that tax avoidance was not a sound basis for public service reform. This was the primary driver for creating these organisations in the context of cuts to the funding of local authorities. In principle, we would not therefore oppose the ending of this exemption, but only if the Scottish Government compensated councils for the full cost.

The remit you gave to the Barclay Review was that the review had to be cost neutral. It is not cost neutral simply to pass the cost of reform onto others, in this case the ALEOs and the local authorities who fund them. We understand that the real cost could be much higher than the £45m Barclay Review estimate, if councils had to replace this funding stream.

ALEOs are already under significant financial pressure as a consequence of council revenue cuts. Our members report cuts to services under the current financial circumstances and a further cut of £45m+ would constitute a very significant element of the already modest budgets. It will result in the closure of a range of facilities.

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Members report that posts are already not being filled, morale is low and staff are working to capacity to maintain services. These concerns were reflected in a surveyⁱ of UNISON members in leisure trusts. Almost half (45%) report some level of cuts in staff with a further 27% saying that the staffing reductions have been major. As one member put it:

"The majority affected with stress, working hours longer than the working time directive and our employers do not care. I have regularly as have my colleagues been required to do roles above our level of responsibility without training or additional pay."

Members also highlight the impact of cuts in a variety of ways. Facilities open for fewer hours, fewer activities being run, or less outreach and community work. Reductions in staff numbers mean that classes either don't run or numbers are restricted. That this can be a short term gain long term pain decision is pointed out by many staff. If activities don't run the revenue isn't brought in.

Neither is it simply a case of people not being able to use services because they are withdrawn. Our members highlight examples of clubs abandoning their pursuit after they could no longer meet increased or newly introduced charges.

It is also the case that, many charges have outpaced inflation in recent years and increases in earnings even more so. A 2013 report by Audit Scotland points out that one of the purposes of charging is the raising of revenue and councils have looked increasingly to charging regimes to make up the difference due to funding cuts. Sport Scotland also conducted a survey of charging in leisure trusts, which showed charges had increased by more than inflation in 10 out of 19 categories.

Similar concerns about the impact of cuts in services have been highlightedⁱⁱ by our members in libraries, many of which have also been transferred to ALEOs. The Scottish Government announcement that every child in Scotland will be given a library membership card is clearly worth welcoming as a step to promote libraries and indeed literacy. However, it does prompt the question *'What is the point of a library card if there is no library? Or if the library you can get to has precious few books or other facilities'*.

Many leisure trusts work with schools to promote healthy lifestyles, operating schemes such as 'a quid a swim' during holidays. They also work with health colleagues to deliver services that help with mobility issues and operate programmes to tackle obesity. We should also not underestimate the threat to wellbeing of cuts to cultural services and the economic impact of further closures on library services.

If services are cut as a result of the Barclay review, then programmes such as these will not be sustainable and in the longer term will have a negative impact on health outcomes. Leisure services are precisely the sort of preventative spending identified by the Christie Commission, principles which the government claims to support.

The Barclay Report's reference to a "level playing field" with private operators is misleading. Public leisure and cultural services are not competing with private leisure facilities - even the busiest swimming pool does not make a profit due to energy and staffing costs. Other services have no private sector comparator.

These facilities are often in areas which the private sector would regard as unprofitable and are therefore an important part of any strategy to reduce inequality. Sport and leisure should be for everyone, not just those who can afford it. The marginal surpluses leisure trusts can make from running gyms or cafes are invested directly into maintaining services.

Attempts to privatise leisure trusts in Scotland on the English model have rightly been rejected when such proposals have been subjected to democratic scrutiny. Such models are driven by profit and the excessive remuneration of senior managers, rather than a public service ethos.

In conclusion, while we understand the technical grounds for the Barclay recommendation, the focus must be on funding and impact on services. It is not neutral to shift costs onto councils. The economic benefits of a scheme like the Small Business Bonus are at best marginal, while the health and wellbeing gains of leisure services are undeniable.

There is a legitimate debate to be had about the value of the trust model. However, the focus here and now must be on the impact further cuts will have on these key services.

I hope this is helpful and we would of course be pleased to discuss this issue further at your convenience.

Yours sincerely

Dave Watson

Dave Watson
Head of Policy and Public Affairs

ⁱ http://www.unison-scotland.org/library/WhileWeWorkYouPlay_LeisureStaffSurvey_June2015.pdf

ⁱⁱ http://www.unison-scotland.org/wp-content/uploads/ReadItandWeep_LibrariesStaffSurvey_Sep2015.pdf