UNISON Scotland

Public Service FUTURES

Spring 2020 Issue: 27

For people who care about public services

Local Governance Review

The local Governance review is moving to its next stage: Developing and testing proposals.

At the end of the year the Scottish government and COSLA sent a joint letter to all "Public Sector Leaders" asking them to submit proposals to them. The letter outlines their commitment to subsidiarity in Scotland and states that they will use the remainder of this parliament (until spring 2021) to develop and test "those ideas and proposals with the greatest potential to improve outcomes". The letter outlines three "interconnected empowerments" that they wish to pursue

- community empowerment through new relationships with public services where communities have greater control over decisions
- Functional empowerment of public sector partners to better share resources
- Fiscal empowerment of democratic decision makers to delver locally identified priorities.

It also lays out 5 key principles for any proposals that public bodies wish to make:

- Subsidiarity and local decision making
- Simple open democracy
- Personal and empowering
- Fairness and equality of outcomes
- Financially sustainable and preventative

The letter ends giving details on how any proposals should be submitted. Public sector leaders are being asked to promote further integration of public services and "energise local democracy". It will be "interesting" to see what this actually means in practice.

It is important to remember that these proposals cover **all public sector** organisations not just local government

Three things to do today:

- Learn about the Scottish government's financial powers
- Read about care home costs
- Ask a friend to join

ICT Troubles

Yet another major IT project has failed to deliver the lofty promises that led to substantial investment during a time of austerity. This time it was at Disclosure Scotland.

Audit Scotland reports that "over optimistic assumptions" were compounded by a lack of financial reporting and governance.

We see the same story again and again with this type of project. Lofty promises of magnificent systems that will bring new efficiency and save money. Before you know it an initial budget of £34million rises to estimated costs of £78million. And it's not delivering the functions promised at the outset.

The report makes grim reading, covering all the delays, resetting of targets and reviewing promises of just what the system will deliver.

Audit Scotland say that there are "lessons to be learnt on

- governance
- financial reporting
- assessment of optimism bias
- programme management and contingency planning..

This report is so similar to those on other failed IT projects both here and internationally. Sadly there is no sign that lessons are being learnt.

NEWSLETTER

Councils Deliver

Sadly council services continue to be ignored, unless something goes wrong. But local authorities play a vital role in all our lives despite the cuts. The latest report on their work in economic development give insight into their significant role in building local economies.

The annual Indicators Framework Report makes clear just how substantial, in financial and people terms, local authorities contribution is. Even more importantly that this work is having a positive impact on communities.

Councils employed 1300 (FTE) people in economic development and spent about £555m including tourism focused activities. This doesn't even include the impact on the local economy of spending on infrastructure, education and planning.

15, 300 unemployed people were supported into jobs

Across Scotland

- 13, 851 business received support
- 15,300 unemployed people were supported into jobs
- Partnership working levered and extra £1.63 for each £1 of council funding
- 43,646 unemployed people took part in council funded employability activities

The report analyses returns for Scottish local authorities to give an overview of Scotland and contains the reports from each council for those looking for data for their own authority. These figure show that just how important the public sector and local authorities, in particular, are in supporting Scotland's private sector.

The indicators in the reports are also useful for campaigners trying to fight cuts in their authority. They give an idea of where the authority stands in comparison to the others and the Scottish average on a range of economic areas. Data in available in the report includes **outcomes indicators** like

- employment rates
- benefits claimant numbers
- town centre vacancy rates

19% of people in Scotland earn less than the Living Wage

Inclusive growth indicators like

- Gross Value Added (GVA) per hour/job filled
- Percentage of those earning less than the living wage
- Percentage of premises able to receive superfast broadband

So we can see that the GVA is much higher in Edinburgh (£41.80) per hour than Scottish borders (£24.30) or North Ayrshire (£24.20). The Scottish average is £33.10.

There is also some important earning data on those earning below the living wage and changes in earnings again with a Scottish and local level data.

For example median earnings in Argyll and Bute increased by 10% between 2014 and 2019 but earnings of lowest paid fifth increased by 21.7%. 24 authorities have reduced their earnings gap while 7 saw an increase in the gap.

Across Scotland 19% of people earn less than the Living Wage a 1% increase on the previous years figures. Dumfries and Galloway has the highest percentage at 31% followed by East Renfrewshire. Aberdeen City had the lowest at 14% and City of Edinburgh at 15%. These *living below the Living Wage* figures are based on the local authority people work rather than necessarily where they live.

This type of detailed local wage information is also useful bargaining information. So it's well worth having a read of the full report and looking at your own authority's information.

Sick Kids

The problems at the Royal Hospital for Children and Young People have garnered a lot of headlines recently. Members may be more interested in the sober but no less damning detail in this report for the Public Audit Committee at the parliament by the Auditor General.

The report uses the annual audit report and the review carried out by KPMG and NHS National Services Scotland to "set out "a factual account" of the mess.

Back in 2010 the Scottish government announced that and Non-Profit Distributing Trust (PFI) would be used to fund a new Royal Hospital for Children and Young people, a Department of Neurosciences and Child and Adolescent Mental Health Services for NHS Lothian. The total costs were estimated as £230million with opening planned for July 2017.

By early 2017 it was clear that the planned opening date would not be met. This led to a series of contractual and technical disputes throughout 2017.

After these disputes were resolved the construction phase came to an end in February 2017 and NHS Lothian took control of the building. The board then started to pay £1.5m per month.

The opening was planned for July 9th 2019 but final checks uncovered problems with the ventilation system . Leading to a great deal of public anger, further delays, extra costs and reviews.

The public outcry means that a public inquiry is underway This short report is a useful read in the mean time and in particular gives detail on issues highlighted by the 2 reviews. Ten years on staff and patients are still in the old sites.

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Under-employment: bad for your health

The increasingly precarious nature of work is creating new problems for the mental health of workers.

Work by researchers at Stirling University and Maynooth University looks at the workers who have part-time jobs but would like more hours.

While the UK economy is technically approaching full employment many workers are not in what we would call quality jobs. Many are on zero hours contract and even those with guaranteed part-time hours don't have as much work as they would like. This creates stress and of course poverty.

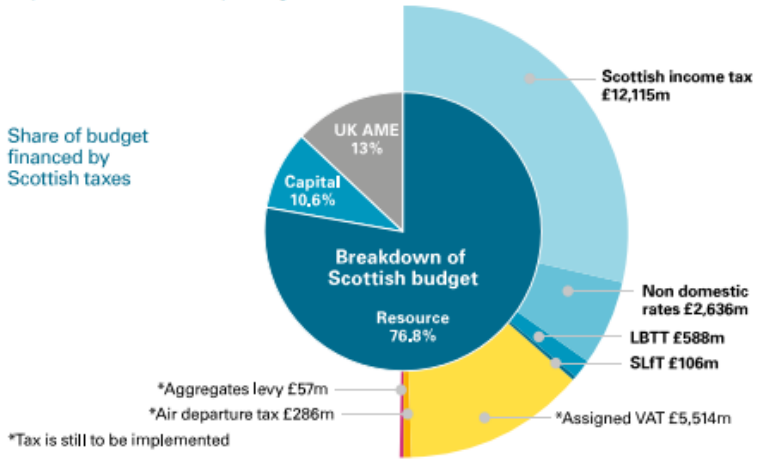
The work by Victoria Mousteri, Michael Daly and Liam Delaney looks at various longitudinal studies and trying to assess the impact of underemployment on "psychological distress" Unsurprisingly they found that being underemployed predicted substantially higher levels of psychological distress.

This adds to the growing evidence that good work isn't just good for people's economic wellbeing it also matters to their mental health. We need strong trade unions to keep fighting for better work

Exhibit 4

Scottish budget tax revenues as share of devolved expenditure

Devolved and assigned tax revenues will support up 50 per cent of the Scottish budget – but 65 per cent of Resource spending



Source: Scotland Office Supplementary Estimates 2018/19; Scotland Office Accounts 2018/19; Economic and Fiscal Forecasts, SFC, May 2019; Scottish Government; Audit Scotland Analysis

Note: NDR is included here as a tax raising power. NDR is not covered by the Fiscal Framework.

Scottish Budget Powers

With increased powers and responsibilities comes increased complexity when it comes to setting and scrutinising the Scottish government's budget. Luckily Audit Scotland have been producing useful guides to support that scrutiny.

The latest briefing gives and overview of the 2018/19 Scottish budget, the operation of devolved powers in 2018/19 and a final section on managing the risks to the Scottish budget.

Previously funding was fixed through the block grant from the UK government. With more powers over tax and spending comes a budget where the performance of the Scottish economy relative to the rest of the UK now matters.

This means that there are now risks to the amount of public funding available and the new social security powers bring risks round spending commitments.

Audit Scotland is particularly good at using graphics to display complex information. **Exhibit 4** for example shows the different Scottish tax sources as a share of devolved expenditure and highlights that while this is 50% of the total Scottish budget it is 65% of resource spending.

Exhibit 1 is from last year's briefing and is a useful reminder of the new powers and the timeline for their introduction.

Introduction

Exhibit 1
Timeline for new financial powers

	Timings	New power	£ m
Scotland Act 2012	2015	Land & Buildings Transaction Tax	557 (17/18 outturn)
		Scottish Landfill Tax	148 (17/18 outturn)
		Borrowing & reserve powers (extended by 2016 Act)	2,200 (capital borrowing limit)
	2016	Scottish Rate of Income Tax	4,350 (16/17 outturn)
Scotland Act 2016	2017	NSND Income Tax	11,857 (17/18 forecast)
		Revenue borrowing	1,750 (total limit. Annual limit = £500m)
		Capital borrowing	3,000 (total limit. Annual limit = £450m)
		Scotland Reserve	700 (total limit)
	2019	Value Added Tax First 10p of standard, and 2.5p of reduced, rate raised in Scotland assigned to Scottish budget	5,073 (estimate)
	By 2021	Social Security Responsible for 11 benefits and power to top-up/ create new benefits	Spending of 2,916 (estimate)
	TBC	Air Passenger Duty	275 (estimate)
		Aggregates Levy	57 (estimate)

Source: Audit Scotland

The Fiscal Framework

Again there are some info graphics which are really helpful in explaining the new system. Previously the block grant from the UK government was worked out using the Barnett Formula which changed the grant year on year based on a population share of changes to certain spending in England and Wales. While Barnett is used for what remains of the block grant a new Block Grant Adjustment is used to set the total. Actual tax revenue and welfare spending is unknown at budget time so forecasts are used and the next budget is adjusted to account for any differences between forecast and reality. Again the papers give a good overview of the adjustment process.

Both papers are well worth a read in preparation for this year's budgets

NEWSLETTER

UNISON Scotland

NEWSLETTER

Care Homes: Follow the Money

The UK care home industry is a mess. It costs both the public sector and individual citizens huge amounts of money, pays staff poorly and quality is at best varied.

Nearly all of the service is in private hands and despite £7.4bn from local authorities and the NHS individuals and their families are paying a further £7.7bn for residential care.

The Centre for Heath and the Public interest has looked at where this money goes and how we can improve the service for users. The findings of their research, part funded by UNISON, are important reading for anyone concerned about or organising in the care sector.

The report looks at where every pound goes. The team studied the accounts of over 830 adult care home companies including the 26 largest providers forensically analysing their figures and company structures.

Out of a total income of £15n they estimate that 10% leaks out of the industry as rent, dividend payments, interest payments, directors fees and profits before tax:

Among the largest providers 6 have an offshore owner in a tax haven. 18 spilt their property companies from their operating companies. 12 purchase services or supplies from a related company and 9 use sale and lease back.

The 8 largest not-for–profit providers spend 2% of their income on rent compared to between 15 and 32% for 7 of the 18 largest for-profit providers

Debt repayment is a serious issue. £262m of the income of the 26 largest care home providers goes towards paying off their debts

In homes operated by the 5 largest for profit providers backed by Private Equity 16% of the weekly fees paid goes to paying off debt. In some cases the payments are to related companies. This a detailed report which also contains routes forward. So well worth a read

Organising Workers Improves Lives

There is widespread agreement that the last decade has seen a substantial deterioration the state of people's working lives. Workers have not just less pay but less consistency in that pay. There is far less job security. Average wages are still lower than before the financial crisis.

While the financial crisis has contributed to these changes the reality is that most people have little influence over workplace decisions. The UK is 6th from the bottom in the European league for workplace participation. The most effective route to change this is of course collective bargaining.

The TUC has published a new report on how Collective bargaining can deliver a better deal at work.

The key proposals for reform are

- Unions to have access to workplaces to tell workers about the benefits of union membership

TUC
Changing the world of work for good

- New rights to make it easier for working people to negotiate collectively with their employer
- Broadening the scope of collective bargaining to include all pay and conditions
- Establishing new bodies for unions and employers to negotiate across sectors

The report covers all the key arguments and shows that strong trade unions and effective collective bargaining are the key to creating a stronger and fairer economy.

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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