UNISON Scotland

Public Service FUTURES

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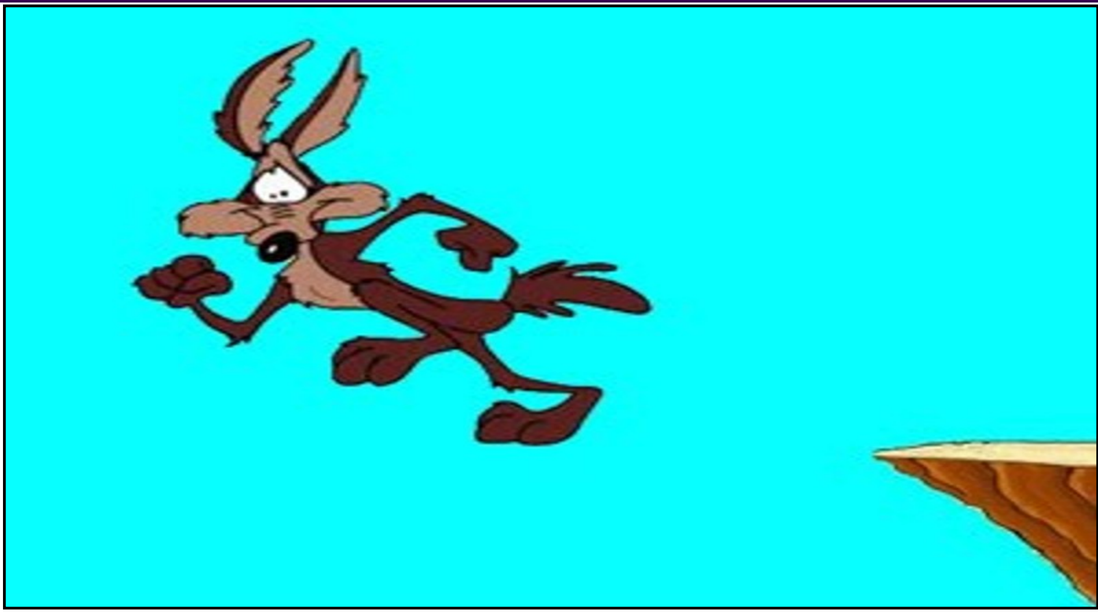
For people who care about public services



Three things to do today:

- Read about new budget process
- Learn about the impact of automation on jobs
- Ask a friend to join

Private Sector Fails Again

Carillion's board are accused of presiding over a "rotten corporate culture" in a report by two parliamentary committees. The company collapsed earlier this year with £1.5bn of debt leaving the public sector to pick up various public contracts. Rachel Reeves MP said the directors "drove the company off a cliff."

The joint report, by the Work and Pensions and the Business, Energy and Industrial Strategy select committees, also criticises the UK government concluding that they lacked the decisiveness or bravery" to address the failures in regulation that allowed Carillion to become a "giant and unsustainable corporate time bomb".

The bulk of the criticism is pointed at the company's board who are clearly responsible for the company's spectacular failure, despite the directors attempt to portray themselves as "victims of a maelstrom of coincidental and unforeseeable mishaps".

The report calls out the directors' "recklessness, hubris and greed and describes a business model that was "a relentless dash for cash, driven by acquisitions, rising debt and exploitation of suppliers". It also suggests that their accounting practices "misrepresented the reality of the business".

The report also raises questions for the company's auditors: All of the big four accounting firms (KPMG, Deloitte, Ernst and Young and PWC) had done work for the company and had clearly not provided the degree of independent challenge needed to prevent the problems highlighted in the report.

These are the very companies that public sector bodies pay for advice on how to reform their services. For years politicians and senior staff across the public sector have spent millions on business cases and reviews from these companies for the same old tired advice about outsourcing, centralising administrative and IT functions and cutting jobs. Its great to see this report highlighting their failures. Better late than never but listening to unions could have saved a lot of money.

This mess highlights the dangers of outsourcing: The risk remains with the public sector who then have to pick up the tab for private sector failures.

New National Outcomes

The review of the national Performance Framework is now underway. Scotland Performs was set up by the Scottish Government in 2007. It was supposed to improve scrutiny of the government.

The National Performance framework outlines the government's purpose together with outcomes, and a range of measure by which we can all judge progress. It's fair to say that this framework has not really worked its way into either general debates about the government's effectiveness or indeed parliamentary scrutiny of the Government.

The parliament's Local Government and Communities Committee has now produced a report on the government's new Draft National Outcomes. The government proposes that its new outcomes and indicators will make Scotland Performs simpler and more accessible. It also aims to link better to the UN Sustainable Development Goals.

It will take more than a few changes to the outcomes to make this a useful scrutiny tool. The committees need to take a lead in using the framework and its outcomes and indicators to drive change.

NEWSLETTER

Automatic Job Cuts

The robots are coming to take your job - or maybe not quite yet.

As the recent ScotGov/ STUC paper puts it, there are two schools of thought. Those who believe we stand on the cusp of widespread technological unemployment to those who believe the labour market will prove, as it has in the past, much more resilient. We've heard so many of these claims before: futurologists telling us that we would all have portfolio careers, yet in practice the amount of time we work for the same employer has actually increased. Yes, automation has resulted in fewer jobs in some sectors, but it has created new ones that we would never have thought of twenty years ago.

Danish academic robotic experts argue that there is still a long way to go before robots will be able to match a number of fundamental human skills. They give five reasons why robots aren't about to take over the world. These include the abilities of the human hand and manipulation that robots are nowhere to replicating. Humans also have tactile perception through sensors in our skin. Finally, robots haven't got the human interaction and reasoning skills of humans.

five reasons why robots aren't about to take over the world.

So, robots are a reality today in industry and they will appear in public spaces in more complex shapes. But in the next two decades, robots will not be human-like, even if they might look like humans. Instead they will remain sophisticated machines.

That doesn't mean that we shouldn't plan for the future. UNISON has produced a new guide on bargaining round automation to support branches going forward. We need to address the direct workforce implications of computerisation and tackle the workforce planning and wider economic and social policy implications of automation.

We should be anticipating where we are likely to see job losses and putting measures in place to ensure that we have a just transition to new types of jobs. Industry will not do this, it's very hard to get companies to plan that far in advance, so government needs to step up to the plate

The ARI report revealed the UK is lagging behind other countries when it comes to preparing for the changes - with education and training the main areas of concern. It lists the UK as number 8 in the world in preparing for the expected rise in robots. Education and training in schools and the workplace is a key concern. The report found that UK primary schools have not focused enough on developing critical thinking and problem solving skills.

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The OECD finds that; "low qualified workers are likely to bear the brunt of the adjustment costs... the likely challenge for the future lies in coping with rising inequality". There are also significant regional differences. For example, the OECD report says 33% of jobs in Slovakia are at risk, compared to only 6% in Norway.

The report points to labour market trends in Scotland, few of which have been driven by technology. The Scottish government points to their labour market strategy and the Fair Work Convention. As well as their support for new industries and the planned Just Transition Commission.

These are all worthwhile initiatives, although they are often stronger on process than delivery. If we are to seriously address the challenges of automation it requires a radical industrial strategy coupled with much stronger Fair Work measures. We need to be more like Norway than Slovakia, otherwise automation will have significant job consequences and create an even more unequal society.

Best Value?

Northamptonshire Council has been effectively declared bankrupt. While it can be amusing to see conservative councillors under pressure for their bad financial management it's important to remember that it's is the people of Northamptonshire and council workers who are now suffering because of the councillors failures. The Best Value Inspection report is very hard hitting, stating that

The council "lost tight budgetary control and appeared to abandon strong and effective budget setting and scrutiny"

Councillors are accused of a budgeting process which was "an exercise in hope rather than expectation.

The extent of budget cuts across local government in the UK has also played its part in the crisis. In better funded times mistakes could be overcome now they are catastrophic.

Northamptonshire has seen its budget cut by £390m since 2010 but has faced a substantial increase in demand. The number of over 65s grew by 12.5% between 2013 and 2016. which increases pressure on social care. There were also and extra 16000 school places since 2010.

At the same time as cuts and growth in demand the council froze its already low council tax.

So while steps are in place to make changes there, this sort of thing will continue to happen without increased funding for local authorities.

Across the UK there needs to be recognition that local authorities provide a range of essential services and these need adequate funding.

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Generation Game

The creation of a Scottish public sector energy company is great initiative, but the plan lacks ambition and is unlikely to tackle the failed energy market.

Last year the First Minister announced a plan to set up an Energy Co. by the end of this Parliament. They commissioned consultants to prepare a Strategic Outline Case, which has recently been published.
The strategic case for Energy Co. is based on the significant challenges that exist in the Scottish energy market, including high electricity prices, a lack of consumer switching and significant levels of fuel poverty. This could potentially address some of these problems

Energy Co. could also encourage energy efficiency and has the potential to support economic growth by supporting local energy generation and efficiency, using the lower cost of capital available to government and local authorities.

Setting up another retail option in a crowded market is a very limited model. Energy Co. needs to generation power. Distribution networks could be more local on European models, but that option isn't currently available. The 'Topco' model in the paper has some merits but we should be wary of over centralisation.

We need a much more radical approach to energy reform including public ownership of the transmission and distribution system, public investment in new forms of generation linked to a new industrial strategy, as well as public energy supply companies.

The risk in this case is that we end up with a modest dabble in the market that fails to address the real problems facing Scotland's energy sector.

Qualified Staff Cost Money

The Minister for Childcare made a statement to parliament this week about the extra funding for local authorities childcare expansion plans.
Disappointingly she is still boasting about guaranteeing the Living Wage as if this was a reasonable wage for a highly skilled and qualified workforce. The Living Wage is the bare minimum to live on it's not a wage that will help with the recruitment and retention challenges the sector faces.

The Living Wage is the bare minimum not a wage for qualified workers

The Minister's statement is worth watching. This week's announcement, about agreeing funding with local authorities to pay for the expansion was, presumably, , prompted by Audit Scotland's report which highlighted a range of issues with the government's planning. The most headline grabbing being the difference between their and local authorities estimates of the cost.

While the agreement has been reached, the funding still seems to be short of what will be needed. Particularly as they still don't seem to have got on top of the staffing issues. There still seems to be little acknowledgement of the fact that many of the staff will work part-time and that therefore the estimates of staff numbers needed are too low. Even with their own estimates the number of training places the minister states in her answers falls short of the numbers needed.

More significantly this notion that the Living Wage is an acceptable rate of pay for childcare workers is ridiculous. There is constant reference to quality being the key to closing the attainment gap, to a highly qualified workforce but no commitment to appropriate pay for those (mainly women) who they expect to deliver.

It is true that for some out with the public sector nurseries this will mean a welcome wage rise. This is because they are shockingly underpaid. They deserve a much more substantial pay rise.
In order to deliver the aims of the policy we need a qualified workforce. You cannot expect workers to study for HNCs and then degrees for the promise of £8.75 an hour. The reality is that those who don't pay wages that reflect the skills of workers will continue to lose staff to those who pay more.

Why would you work for £8.75 an hour in a nursery when you can make the same on a supermarket checkout without the responsibility of educating young children, child protection and report writing when Glasgow City Council will pay you approx £19,000 for 38 weeks of the same work?

Scotland can't have a system that keeps some women on poverty pay in order to create free childcare for others. Done properly lives will be transformed but there is a lot more to do to make sure that the result is reduced poverty and the end of the poverty related attainment gap.

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Council Budget Cuts

The latest SPICe briefing confirms UNISON's claims about cuts to local government budgets. It would be great if we can move on to a debate about how to fund the vital work that local government delivers instead of debating claim and counterclaim about the numbers.

The Scottish Parliament's Information Centre [(SPICe) briefing] on local government finance is a set of data and analysis of local government budgets from 2013 to 2019 focused on supporting MSPs.

Key points

- Between 2013/14 and 2017/18 there was a 7.1% fall in the local government revenue settlement (real terms). That's £744.7m less pounds for services. There will be a 0.3% increase next year
- The Scottish government revenue budget only fell by 1.8% during that time.
- The changes are not uniform with Eilean Siar funding being reduced by £504 per head, Argyll and But, £288 per head and North Ayrshire by £36 per head (2013/14 til 2018/19).

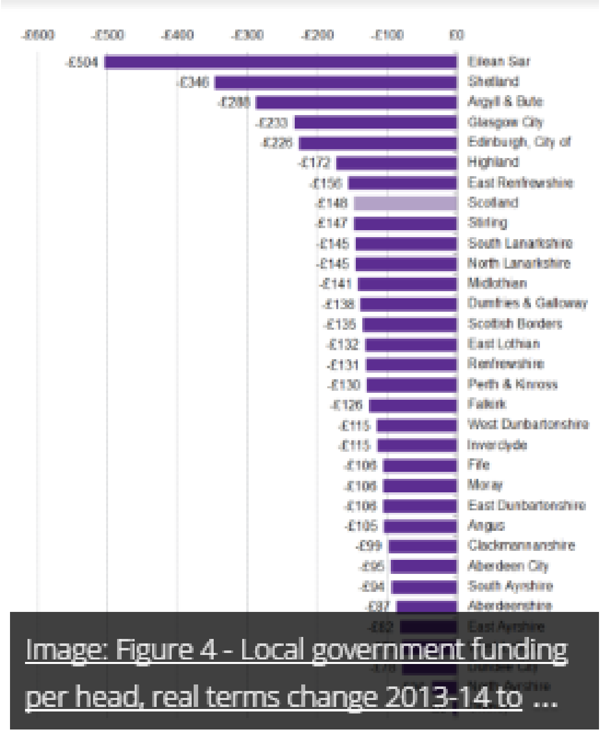

Image: Figure 4 - Local government funding per head, real terms change 2013-14 to ...

These figures will come as no surprise to local government workers who every day experience the impact of these cuts as they try to maintain services with fewer resources.

New Scottish Budget Process

There is also a new SPICe [briefing on the new budget process] which will come into place for the next budget. Substantial new taxation and welfare powers have been devolved to the Scottish Parliament, these alongside new borrowing powers add substantial complexity to the budget process. The Finance and Constitution Committee at the Scottish parliament set up a review group which made recommendations regarding revising the budget process.

Even without the new powers, the original hopes for the parliament of a more open budgeting process had not been realised.

The original recommendations from the Financial Issues Advisory group were that the parliament would have opportunities to influence the preparation of budgets, that the public and MSPS would have opportunity to put views to the committees at an early stage in the process and that the committees would have a meaningful role in the process.

It is clear that the current system , was not delivering on this. The process is very rushed and was becoming more so because of the move to a UK autumn budget. Parliament's committees had little influence over budgets and any changes that were made came more from "back room deals" with other parties rather than open scrutiny.
The new process will start much earlier in the year with performance an planning reporting in March, a medium term financial strategy published in May , a fiscal outturn report in September, pre budget reports in October. Which should support the start of the budget revision process. This means the committees review the proposals with amendments lodged in January for the three stages of parliamentary debate to start in January and be finished by late February. The paper has much more detail on the new system.

This should offer much more opportunity for UNISON to influence the process and improve funding for public services.

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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