



Introduction

UNISON is Scotland's largest trade union with members across the public, private and voluntary sectors. More than half of our members work in local government. Our members are also service users and tax payers and because of this unique position are well placed to inform the policy making process. UNISON because of its democratic structures, is able to collate and analyse members' experiences to provide evidence to inform the policy making process. We therefore welcome the opportunity to give evidence to the committee regarding the long-term financial sustainability of local government.

Evidence

Cuts

While there is a heated debate round the detail there is no doubt that local government has borne the brunt of cuts over the last 10 years. Reports from COSLA¹, the Local Government Benchmarking report², Accounts Commission³ and SPICe⁴, while using slightly different methodologies, confirm the substantial cuts to local government budgets and the financial pressures they face. Demand for services has also risen further impacting on budgets.

UNISON has conducted a series of surveys of members working in local government in order to reach beyond the politicking about figures to show the impact of the budget levels on services. UNISON has surveyed 15 different groups of members and there are several common themes in the series of Damage reports⁵. The groups of local government workers surveyed are: cleaners; environmental health teams; sheltered housing teams, roads teams; building control staff, homecare workers, registrars, ICT staff, library staff, leisure staff, transactional staff and waste management teams.

Key themes in the Damage Reports: cuts to staffing and increased workloads are placing enormous strain on staff. The majority of members report that their workload is growing and that they are working long unpaid hours and skipping breaks to try and maintain a quality service. Staff have also experienced a real terms pay cut. Moral is very low, staff feel undervalued and exhausted by the efforts they put in to maintain services. The loss of business support staff means that many spend time on admin tasks when they should be focusing on other parts of their jobs which would provide a better service to the public. Salami-slicing of services avoids headlines but the long years of austerity are

¹ Fair Funding for Essential Services 2019/20

² Local Government Benchmarking Framework report 2017-18

³ <https://www.improvementservice.org.uk/benchmarking/reports.html>

⁴ <http://www.improvementservice.org.uk/benchmarking/reports.html>

⁵ Accounts Commission Local Government in Scotland Challenges and performance 2019 March 2019

⁶ SPICe Local Government Facts and Figures 2013-14 to 2019-20 July 2019

⁷ UNISON Scotland Damage reports <https://unison-scotland.org/campaigns/public-works/damage/>

having a severe impact on our services and the staff trying to deliver them with limited resources.

The SPICe⁶ report on the social impact of local government budgets shows that when making, what they euphemistically call, savings councils have little option but to make most of the “savings” from services which are used more by lower income groups. This report also confirms the experience reported by members in the Damage Reports that so-called back office functions are being targeted for the highest rate of savings (9%). These cuts are having a big impact on staff’s ability to do the core part of their jobs as they have to carry an additional administrative burden due to the loss of business support staff.

There is no doubt that the long term financial sustainability of local government is under threat. Councils face a range of challenges and the technocratic solutions currently being proposed for example shared services, joint working, increased centralisation and continued salami slicing of services will not meet the enormity of those challenges.

Challenges

Scotland’s ageing population provides a challenge to public services in general and the need to meet those personal care challenges on their own will be a great threat to local government financial stability. The demographic challenges aren’t just about the care needs of the elderly. There are growing demands for care and the educational needs for children with Additional Support Needs and adults with a range of disabilities. Challenges are not evenly spread. Some councils are seeing huge growth in their older population as people relocate on retirement. Others are increasingly popular for young families and are struggling to meet demand for school and nursery places. Housing shortages are also a growing challenge, in areas where there is housing growth then councils have the challenges of dealing with the increased population. There are also challenges of housing shortages and the changing nature of households with growing numbers of single person households. The increasing numbers of single person households also impacts on council tax income. There is a demand for more affordable housing and social housing. An increasingly diverse population also changes demands on services and councils have to be able to meet the needs of more diverse communities. Example include more ESOL/bilingual support in schools, meals in schools and other public sector kitchens reflecting increased numbers of vegans/vegetarians, Halal food etc.

Citizens are also demanding that public services offer more choice and a wider voice for communities in the design and delivery of services. Shared services centralisation and regional collaboration will deliver one size fits all services. They will not meet the demand for citizen focused services.

Climate change will provide many challenges for local authorities. Increasingly unpredictable weather, more frequent and bigger storms and flooding are already impacting on infrastructure and service delivery including increased problems with road surfaces. Council will need to plan for changes in the equipment they will need to deal with snow storms flood prevention and flooding in particular. This will be expensive but the consequences of not doing so will be worse.

⁶ SPICe Pro-Poor or Pro-rich/ the Social impact of local government budgets 2016-17 to 2019-19 December 2018

The impact on Scotland of failing to take climate change seriously could be calamitous. Refuse collection and recycling will need to be radically changed to support Scotland to reduce carbon and waste. This offers opportunities like energy production and long-term savings through reduced waste. The level of transformation needed will be costly. Without appropriate funding local authorities, which should be at the forefront of adaptation and supporting citizens to reduce their carbon footprint, will struggle to reduce their own carbon use far less support citizens to do so. There are massive opportunities for local authorities to create district heating schemes, heat capture schemes, energy production and programmes to improve insulation, active travel and investment in low carbon public transport which will be lost without funding for both capital and revenue focused on it.

Automation offers opportunities for public services but the upfront costs are high and savings very long-term. The current ICT infrastructure needs a great deal of new investment in order to achieve the benefits. There are issues with both digital exclusion for some citizens, rural broadband quality and availability. Staff training needs to be put in place to support new ICT processes which again require funding. Budget cuts mean that there is a very high risk that local authorities will be left behind.

UNISON supported the creation of a Scottish parliament as a route to bring decision making closer to ordinary people. We believe that the parliament needs to devolve further powers to communities. Local government funding cuts and ring-fencing are reducing the decision that can be made locally. Suggesting that the solution to budget cuts are through shared services, joint working, collaboratives and regional and national decision making will continue to move decision making even further from communities. Many have high upfront costs, savings take years to realise and there is little evidence that they make savings at a rate that will allow the effective delivery of services under present budgets. While Audit Scotland and COSLA⁷ use different criteria to measure the amount of ring-fencing of local government budgets it is clear that local authorities have limited room to maneuver given the statutory functions and delivering on Scottish government commitments/programmes. Local government is increasingly at risk of becoming an administrative arm of central government. Progress on the recommendations of the Christie Commission has been glacial. There needs to be a renewed commitment to genuine local government and extra powers to enable genuine local choice. This will require not just extra funding but power over raising much more of that funding for local councils.

Funding Routes

Since 2007 there have been two substantial inquiries into a replacement for the council tax and a consultation on a local income tax. Despite these costly exercises there is no plan for a replacement for discussion far less a Bill. The last commission on local tax reform ends its report:

“We believe that this is the time to reform local taxation. We have conducted more in-depth analysis of potential forms of tax available than ever before to inform debate and the construction of detailed proposals. We have concluded there is no one ideal tax but there are ways of designing a better tax system. There is now a real prospect of beginning a

⁷ LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

13th Meeting 2019, Session 5

<http://www.parliament.scot/parliamentarybusiness/report.aspx?r=12089&mode=pdf>

programme to make local taxation fairer-more progressive, more stable more efficient and more locally empowering

We entrust those charged with taking this work forward to respect the spirit in which the commission was established and has discharged its obligations. We are confident that with the goodwill established between parties in the Commission that this can be achieved.

This is an opportunity not to be missed."

This opportunity has of course been missed and this **2015** report has joined the Burt Report on a dusty shelf. As well as those on the commission many organisations including UNISON invested time in developing contributions in an attempt to improve the financial stability of local government. This cannot go on. Each year that passes makes the values on which council tax are based more out of date. There is no indication that there will be proposals for a new tax before the next election. The government should act on the report and other parties should work with them to agree a replacement property tax with rates set and collected by local authorities.

A replacement for the council tax is not enough. To be sustainable local authorities need much wider powers over sources of funding. The increasing reliance of charges is regressive and the options for income generation through charges have generally been utilized already in response to cuts. The return of business rates to local authority control would be welcomed but there needs to be a much wider basket of taxes and income raising routes for local authorities. The power to introduce taxes must lie with local authorities and offer the opportunity to give them meaningful control over their budgets to enable local priorities to be addressed.

Staff

Like the Scottish workforce in general the local authority workforce is ageing. A large cohort of staff will retire in the not too distant future. Budget cuts have led to more than 40,000 jobs being lost. The people who volunteer to go tend to be those with the longest service and so experience and expertise. Few new staff are being recruited to replace those who leave through retirement or changing jobs. In our damage reports members are reporting that they are expected to undertake work with responsibilities and decision making that would not have been done at their level in the past. These are vital to the effective delivery of complex services particularly those which are people centered. As more staff move into retirement and fewer younger people are being recruited new experience and expertise are not being developed. This means the risk of skills shortages across local authorities is growing. There needs to be much more detailed workforce planning to avoid the loss of institutional knowledge through retirement.

In order to recruit and retain the caliber of staff needed to meet citizens needs local government needs to ensure that it is an attractive place to work. The low morale and increasingly high workloads reported by our members will make this more difficult. Stress is a major issue for many local government workers. Pay will need to reflect the competitive job market. Workforce planning will need to improve substantially. Early years and social care are areas where staff shortages are already difficult despite very low pay outwith the public sector. In areas like building control and planning the deep pockets of the private sector make public service less and less attractive when other terms and conditions are being eroded. Good pensions, flexibility and good working conditions used to balance against this. As these deteriorate in the public sector then the

higher pay in the private sector becomes more attractive. Citizens will suffer if local government cannot recruit and retain staff with the skills and experience needed to deliver high quality services.

There is also a need for investment in training and professional development for all staff. A career pathway that allows workers to move across and up local authority jobs means that investments in training and skills development benefit the organisation as a whole rather than losing skills to other sectors. This also builds a network of relationships and understanding across what can often be silos. This also means that there could be a growing body of staff who understand the whole organisation which helps drive efficiency, effectiveness and manage change.

Equal Pay

The budget implications of unequal pay remain unmanaged - by councils, auditors and Scottish government. Contrary to the Audit Scotland evidence to the LGCC budget scrutiny process, the equal pay position in Scotland is not "reasonably settled" .⁸ That statement runs directly contrary to the findings of the Accounts Commission study of 2017⁹ and reflects the dangerous complacency that is endemic within the wider local government community:

- (1) Contrary to the Audit Scotland evidence, Glasgow has not been resolved - the discriminatory pay system remains in place.
- (2) The key finding of the Accounts Commission study (2017) was that governance, equality monitoring and audit have collapsed in many councils.
- (3) All the councils who faced active litigation against their current or revised pay system ("second wave" claims) had to pay substantial compensation.
- (4) Every penny of the £1.5bn compensation is also pensionable pay but, in the vast majority of councils, employer contributions have NOT been paid, pension benefits have not been revised, and the strain on pension funds remains unmeasured and unfunded.¹⁰

The fact that the Accounts Commission simply ignored UNISON's submission on the pension implications of unequal pay is further evidence of our core message - the cost of unequal pay remains unmanaged.

In short, we simply don't know if council pay is equal or unequal. The unpalatable truth is that the SJC review processes that employers agreed to in 2016 have not been rigorously applied because councils lack the financial resources to conduct the work and address any pay anomalies identified by such reviews. Instead of increasing facility time for TU reps to conduct equality audits, as agreed, such activity has been curtailed. The Audit Scotland Impact study of 2019 will therefore find that the Accounts Commission report of 2017 had no substantial impact on pay equality practices. Until pay equality is audited and verified by trained equality reps we can only conclude that the multi-billion cost of unequal pay remains unmanaged. We repeat our longstanding assertion - Scottish Government is legally obliged to have due regard for the need to verify pay equality when setting the 2020/21 budget and that requires positive action and financial resources. For example, in Glasgow, there are several thousand claimants who have received no compensation, the council plans to pay a further three years compensation to all workers with competent claims, and the workforce will only conclude the equality

⁸ <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=12089&mode=pdf>

⁹ <https://www.audit-scotland.gov.uk/report/equal-pay-in-scottish-councils>

¹⁰ <https://www.heraldscotland.com/news/16950837.pension-postcode-lottery-in-equal-pay-cases/>

campaign when the pay of women is levelled up to that of men. Glasgow requires additional funds to deliver equality and many councils are in the same position.

Conclusion

UNISON is Scotland's largest trade union with members across the public, private and voluntary sectors. More than half of our members work in local government. We hear first hand from our members about the threat created by budget cuts and staff shortages to the financial sustainability of local government. Without action to tackle: equal pay; to introduce a replacement for the council tax and new tax powers for local authorities and investment in adequate funding for services local government is financially unsustainable. There is also a real risk that this layer of democracy will become an administrative arm of central government. We therefore welcome the opportunity to give evidence to the committee regarding the long-term financial sustainability of local government.

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August 2019

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