



UNISON Scotland response: Scotland's public finances in 2023-24: the impact of the cost of living and public service reform

August 2022

Introduction

UNISON is Scotland's largest trade union with more than 150,000 members across the public, private and voluntary sectors. More than three quarters of our membership are women. Members are also service users and tax payers and because of this unique position are well placed to inform the policy making process. Using UNISON's democratic structures, we are 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 Finance & Public Administration Committee regarding Scottish public finances and the impact of the cost of living crisis and of public service reform. We appreciate this response covers a great deal of ground – but given the funding and staffing crises besetting public services together with the expressed determination of the Scottish Government to cut jobs and demand year on year cuts from public bodies, we feel the need to give the committee as comprehensive a picture as possible.

Background

The Committee said it is focusing on three areas from the Scottish Government's Resource Spending Review: proposals for public service reform; impact of the cost of living crisis on the Scottish Budget 2023-24; and how spending priorities might affect the delivery of national outcomes. UNISON Scottish Secretary Tracey Dalling warned in her initial response to the spending review that the proposals, including a threat to 30,000 jobs, will have "catastrophic consequences for Scotland's communities."¹ The financial stringencies until 2026-7 come on top of years of public services being cut to the bone, particularly in local government and in the NHS, with the pressures on services and staff clearly apparent before the COVID 19 pandemic.

Since Finance Secretary Kate Forbes announced the Scottish Government spending plans and priorities in May, the financial pressures on the general public and on public services have escalated even further than recent predictions, with soaring fuel and energy price costs and inflation at a 40 year high all making it incredibly hard for the most vulnerable to feed themselves, let alone hope to stay warm this winter. Meanwhile hard pressed workers across Scotland and the UK are having to take strike action over scandalously low pay offers in the public sector and more widely². UNISON has worked with other unions, UK wide through the TUC and here with the STUC, on cost of living campaigns calling for more help, especially for the most vulnerable, through this rapidly escalating crisis, widely rightly described as on the scale of the pandemic. We face a convergence of crises as we seek to emerge from the impact of COVID and as the urgency of the climate emergency increases, with major improvements needed on the COP26 Glasgow Pact if we are to limit global

¹ <https://unison-scotland.org/this-is-a-desperate-day-for-public-services-that-will-have-catastrophic-consequences-for-scotlands-communities-says-unison/>

² <https://leftfootforward.org/2022/08/full-list-of-all-the-upcoming-strike-dates/>

temperature rise to 1.5C, in ways that deliver a just transition. Inequalities are at the heart of these crises and fair work is an essential part of the solutions.

Our members including in health and in local government, in higher and further education and the community and voluntary sector and beyond, deserve quality pay rises that take account of inflation and the cost of living crisis. They and other key workers kept vital services going through the pandemic. But the doorstep claps have turned to cold shoulders and pay cuts, while there is no shortage of money for city workers³ or for chief executives, including energy bosses⁴ and the energy companies rake in billions in profits.⁵ No wonder our health members are balloting for strike action for the first time since devolution, while in local government we have some strike dates already announced, with more to come.

Our focus

UNISON's priority areas of focus in this response are:

- the cost of living crisis – in particular with regard to public service pay and political choices now
- the National Care Service (Scotland) Bill - we will make some key points here, in particular how the plan to take out up to 75,000 jobs from local government adds to the aforementioned threat to jobs and has a massive impact on the very future of local government – an existential threat, with attendant local democratic accountability implications; we also highlight the urgent need to set up sectoral collective bargaining for social care
- Spending priorities and political choices

(Please also see our other responses, including to the Health, Social Care and Sport Committee, and our forthcoming responses to consultations specific to the NCS.)

Ms Forbes said in her Resource Spending Review introduction⁶ that “the outcome should be lower levels of child poverty, a faster growing economy, continued progress on our journey to net zero, stronger public services and crucial support for households and businesses during a time of extraordinary economic pressure.” We warn here that to achieve those aims, urgent emergency measures are needed on the cost of living and public services must not be expected to make further cuts, especially when demands are increasing. A top priority in the current crisis must be that public service workers receive decent pay rises, not well below inflation offers that are effectively significant pay cuts.

Cost of living crisis – overview

Committee members will be well aware of the shocking energy price rises, forecast to put the average annual bill potentially above £5,000 from January.⁷ This is combined with a record pay slump, the highest inflation in 40 years and the tragically

³ <https://www.theguardian.com/business/2022/aug/08/city-workers-get-double-digit-wage-rises-while-lowest-paid-see-1-increase>

⁴ <https://www.theguardian.com/business/2022/may/11/ten-biggest-north-sea-oil-and-gas-bosses-pay-rises-to-54m>

⁵ <https://www.theguardian.com/business/2022/aug/02/big-oil-profits-energy-bills-windfall-tax>

⁶ <https://www.gov.scot/publications/investing-scotlands-future-resource-spending-review/pages/1/>

⁷ <https://www.ft.com/content/048c0271-75d3-4d4e-9a00-e8fd0bf62691>

high need for foodbanks already, before energy bill forecasts went through the roof. The fact that councils and churches and other organisations are considering providing ‘warm banks’⁸ this winter is a dreadful sign of what may be to come, yet we live in one of the richest countries in the world. First Minister Nicola Sturgeon showed that she appreciates the scale of the problem, in warning lives are at risk and that almost a third of Scots face extreme fuel poverty.⁹ She is right to pressure the UK government for action, particularly given the shocking inaction and the absentee disgraced Prime Minister, while the Tory leadership candidates attempt to outdo each other in moving ever further to the right. However, Ms Sturgeon’s yet to be decided emergency budget review measures¹⁰ must seek to make an impact with all that her government can do. We make some suggestions on cost of living and other key areas in this response. UNISON has also joined with others on calling for the Scottish and UK governments to act, including the call to the First Minister on 15 August to double the Scottish Child Payment bridging payments to struggling families¹¹. The Joseph Rowntree Foundation, TUC & 70 charities & community organisations also called energy price rises a “national emergency” and urged Liz Truss and Rishi Sunak to give more support in tackling the “gravest issue” the UK faces. We will be at the march and rally outside the Scottish Parliament on 8 September with STUC sister unions saying that ‘Scotland demands a pay rise’. And UNISON is lobbying with the TUC at Westminster in October. Trade unions will stand up for workers throughout this crisis and we welcome support from those politicians who will stand with us to prioritise key anti-poverty measures.

As Roz Foyer, STUC General Secretary, said at the STUC/Poverty Alliance cost of living summit in June: “Poverty is a political choice. The pandemic has exposed the deep-rooted inequalities across Scotland, exacerbated by a cost-of-living crisis not of workers’ choice nor making. We cannot – and will not – be held responsible for the negligence of our political class in their failures to tackle rising inflation coupled with falling wages. This summit, the largest seen in Scotland on this crisis, calls for the Scottish Government to go further, using the powers of the parliament to mitigate this emergency. Their recent spending review plans to foist harmful cuts on our public services is utterly incompatible with the response needed to help those impacted by this crisis. Whilst the UK Government are still firmly within our sights...we will be unrelenting and unapologetic in our resistance to this crisis until further action is taken.”¹²

Cost of living crisis - pay

Putting more money in people’s pockets has to be an immediate focus - as well as whatever is done to freeze or cut/mitigate the coming energy and other price rises. The Office for National Statistics said on 16 August that average real-term pay, excluding bonuses, fell by 4.1% (on CPI figures) in the year to the quarter April-June.¹³ ¹⁴ This is the highest fall since 2001, when such comparable records began, and the ninth consecutive month on month fall - while CPI inflation reached a 40 year

⁸ <https://www.dailyrecord.co.uk/news/scottish-news/thousands-scots-face-being-left-27619755>

⁹ <https://www.scotsman.com/news/politics/nicola-sturgeon-warns-a-third-of-scottish-households-face-extreme-fuel-poverty-3802671>

¹⁰ <https://www.gov.scot/news/taking-action-on-cost-emergency/>

¹¹ <https://www.dailyrecord.co.uk/news/politics/nicola-sturgeon-urged-do-right-27737477>

¹² <https://stuc.org.uk/media-centre/news/1658/stuc-and-poverty-alliance-national-summit-on-cost-of-living-crisis>

¹³ <https://www.bbc.co.uk/news/business-62550069>

¹⁴ <https://www.tuc.org.uk/news/tuc-calls-ministers-get-pay-rising-real-wages-fall-again>

record in July of 10.1%, confirming predictions it will hit 11% before long. Huge inequalities persist. A study earlier in August found the top earners, such as city workers, had pay rises of 10%, with the lowest paid at 1%.¹⁵ Meanwhile, the richest get richer again, with company bosses, who often expect workers to accept peanuts, taking massive pay rises themselves. It is morally wrong to have energy company bosses on multimillion pound pay, with their firms profiteering massively during a crisis that sees ordinary people yet again expected to shut up and pay up a huge proportion of their income for power and heating. The Institute for Fiscal Studies showed in August that the poorest fifth of households face eye watering inflation rates of almost 18% in October.¹⁶ As our briefing on inflation and inequality noted in June, those with least pay a much higher proportion of their incomes on energy and food.¹⁷

Our NHS pay claim, with other health unions, asked for an above inflation pay award. We also sought to look at other aspects of working in the NHS which have an impact on take home pay such as: ensuring banding outcomes reflect job content; rewarding additional hours fairly; preventing burnout by limiting excess hours; supporting progression and career development and encouraging NHS Scotland employers to use recruitment & retention premia (RRP) to recruit and retain staff where shortages are a risk to staff wellbeing and quality of care. In local government, the pay claim, also with other unions, included calling for a £3,000 flat rate increase, a minimum rate of pay of £12 per hour, payment of SSSC and all other professional fees, agreement that all allowances in future are automatically uprated in line with October inflation rates and agreement of home/hybrid working guidance that provides appropriate recompense for expenses incurred, and completion of an agreed review on how we achieve a no detriment reduction in the working week.

Our members do not want to strike but refuse to be treated so appallingly. More than half of council workers earn less than £25,000 annually. Some groups of our local government workers in waste and recycling, schools and early years are now set to take strike action with sister trade unions Unite Scotland and GMB Scotland. Bizarrely both the Scottish Government and COSLA believe the August pay offer, up from just 2%, is not good enough but they have failed to work together to improve it sufficiently. UNISON Scotland head of local government Johanna Baxter said in rejecting the “derisory” 3.5% offer – less than offered to local government workers in England and Wales and Northern Ireland - that members are fed up at being used as a political football between the two. All these hard working staff want is to be rewarded properly for the ‘above and beyond’ work they do. No-one wants the widespread disruption strike action will cause. The Scottish Government and COSLA are failing not just the workers, but the wider communities. The Scottish Government must provide more funding to councils overall, as well as for pay.

Putting money in workers’ pockets is good for them, their families and for communities and the local economy. It is a win win decision but for far too long private greed and austerity policies have been put ahead of public need, with devastating effects on communities and the public services they rely on. We highlight this because it is the backdrop to the crises we face now and the anger among workers that the lowest paid are constantly asked to pay the highest prices. In many

¹⁵ <https://www.theguardian.com/business/2022/aug/08/city-workers-get-double-digit-wage-rises-while-lowest-paid-see-1-increase>

¹⁶ <https://ifs.org.uk/publications/16150>

¹⁷ <https://unison-scotland.org/wp-content/uploads/Inflation-inequality-Briefing-119-June-22.pdf>

previous submissions to parliamentary committees, and in our Damage reports¹⁸, we have highlighted the impact of cuts on a range of different services, as well as the overall damage. The Committee would find a good summary in our submission to the then Local Government and Communities Committee in 2019, on the long term sustainability of local government.¹⁹ It warned that without action to tackle equal pay, without an agreed replacement for the council tax and new tax powers for local authorities and investment in adequate funding for services, local government is financially unsustainable. We said then that: “There is also a real risk that this layer of democracy will become an administrative arm of central government.” The pressures have clearly worsened and with the proposed changes with the National Care Service impacting so heavily, there is a real existential threat to how local government functions in Scotland, with all the democratic accountability implications. In terms of this cost of living crisis, local government really matters in planning proper support for those most in need, as it did for COVID work and as it will for assisting in the just transition to net zero, as it always does in providing quality essential services in communities across Scotland.

In health, as the Committee will know, our members have also been driven to ballot for strike action. The initial consultative ballot saw 83% rejecting the current 5% pay offer and backing industrial action. NHS workers see the hypocrisy of praise for their commitment, particularly risking lives during the pandemic, as if in a front line on a war for many, yet still no proper reward and appreciation of that. Fine words mean little when staff are expected to take pay cuts on the chin in a major financial crisis. They are not having it. We ask the Committee to urge the Scottish Government to significantly increase its offer to avoid strikes taking place as the annual winter pressures hit the NHS, likely to be alongside a further wave of COVID 19. The staff who would be expected to deal with another COVID crisis this winter, on top of heavy workloads and staff shortages and immense resource and waiting list pressures deserve higher pay now.

Matt McLaughlin, Head of Health for UNISON Scotland, and Wilma Brown, Chair of our Health Committee, urged the First Minister to intervene. In a joint letter to Nicola Sturgeon, they pointed out that members have stepped up in a crisis time and time again, but have to continually work against a backdrop of ongoing staffing shortages and below inflation pay awards. They said: “The current cost of living crisis and Government’s failure to react positively to increased costs is the final straw.”

It is important when looking at pay, that the other impacts on staff wellbeing and financial circumstances are taken into account too, with support where required. Staff across public services who receive mileage payments clearly should be helped with such high fuel prices. Social care staff have reported specific pressures on this, when they are already some of the lowest paid public service workers. It is not right and Ms Sturgeon’s emergency budget review must look at this urgently, along with a full range of issues and potential support. One thing that must happen is a further extension of the Social Care Staff Support Fund. It would be entirely wrong to close this down just as we expect a further rise in COVID cases this winter, when short staffing in health and social care could be even worse without staff having access to proper sickness support. Public contracts ought to specify this as part of conditions for contracts. In the meantime, this fund must be continued at a time of ongoing crisis.

¹⁸ <https://unison-scotland.org/campaigns/public-works/damage/>

¹⁹ <https://unison-scotland.org/pre-budget-scrutiny-long-term-financial-sustainability-of-local-government/>

Similarly, Long COVID support must be in place for workers.^{20 21} We urge employers to sign up for the COVID Safety Pledge, promoted by, among others, the STUC and Independent Sage.²²

Cost of living crisis – energy

UNISON has welcomed UK Labour proposals to freeze energy prices, with a further windfall tax on energy companies. General Secretary Christina McAnea said the plans were “a positive start”²³ and that without emergency action families and households, particularly those on low wages, might never recover from the coming “disastrous” energy price hikes.

UNISON has long called for the retail arms of the big six energy companies to be nationalised.²⁴ The TUC launched a report in July: A Fairer Energy System for Families and the Climate.^{25 26} It argued that public ownership of the energy retail companies would reduce bills, speed up energy efficiency improvements to UK homes and cut carbon emissions faster. UNISON Scotland has campaigned over many years with a range of groups including the STUC, the Existing Homes Alliance, Stop Climate Chaos Scotland and other groups calling for major energy efficiency programmes in housing. The STUC’s Our Climate Our Homes campaign²⁷ calls for councils to set up municipal energy companies to upgrade homes. Action by the Scottish Government earlier on this and on the shamefully now abandoned plans for a Scottish publicly owned energy company could have helped in the current crisis.

In July the STUC and Just Transition Partnership welcomed the first report of the second Just Transition Commission, which lays out various measures for tackling climate change and helping the cost of living crisis, including ones that would urgently tackle fuel poverty and make renewal energy more affordable, including addressing price barriers for renewable sources.²⁸

Polling carried out for the campaign We Own It shows huge support for nationalisation.²⁹ The charity said that more than three out of five members of the public, and a similar number of Conservatives, support public ownership of utilities.³⁰ We Own It said that a majority of people want energy, rail, buses, Royal Mail and the NHS to be run in the public sector, as well as water south of the border. Scottish Water of course is publicly owned. (Though this has had to be fought for and defended and there are still issues of concern.)

²⁰ <https://www.unison.org.uk/news/article/2022/07/employment-tribunal-classes-long-COVID-as-a-disability/>
<https://www.unison.org.uk/content/uploads/2022/05/Bargaining-to-support-those-who-have-long-COVID-v4.pdf>

²¹ <https://www.tuc.org.uk/research-analysis/reports/COVID-19-occupational-disease>

²² <https://stuc.org.uk/media-centre/news/1655/safety-pledge-for-COVID-safe-workplaces>

²³ <https://www.unison.org.uk/news/2022/08/energy-price-freeze-is-right-move-for-cost-of-living-pressures/>

²⁴ <https://www.unison.org.uk/news/2019/06/nationalise-big-six-create-green-army-help-uk-hit-net-zero-says-unison/>

²⁵ <https://www.tuc.org.uk/news/tuc-publishes-plan-cut-bills-through-public-ownership-energy-retail>

²⁶ <https://www.tuc.org.uk/sites/default/files/2022-07/Public%20energy%20public%20paper%20-%20web.pdf>

²⁷ <https://stuc.org.uk/media-centre/news/1622/stuc-launches-campaign-to-upgrade-scotland-s-homes>

²⁸ <https://stuc.org.uk/media-centre/news/1660/just-transition-government-must-act-on-decarbonisation-recommendations>

²⁹ <https://weownit.org.uk/blog/biggest-ever-poll-shows-huge-support-nationalisation>

³⁰ <https://morningstaronline.co.uk/article/b/most-people-support-public-ownership-of-utilities-even-tory-voters-poll-finds>

It is important to stress that the intertwined crises of cost of living and climate mean that some decisions which might make short term apparent sense to some people, should be re-assessed with the climate emergency in mind. This certainly applies to funding being 'given' to energy companies, when instead they could be nationalised securing an asset for the future for people, not profit, helping to deliver the pathway to net zero. (Meanwhile, UNISON's research published at COP26 called for a UK government commitment to massively step up investment as capital funding of £140 billion is needed for the public sector to meet vital decarbonisation targets.^{31 32)}

At the time of writing this response, the First Minister was planning a summit with energy companies and consumer groups. By the time the Committee takes evidence, the pace of developments will have quickened and some actions promised or taken. We hope members will look at the overall picture and argue for all the kinds of support we and other trade unions are flagging up and calling for, including with the Poverty Alliance and other charities, as highlighted above. Importantly, we would want all action to seek to reduce inequalities and ensure support for any groups who face particular impacts, for example disabled people with higher costs of living, those in rural communities who face higher fuel and energy and other costs, women on maternity leave fearful they cannot afford to take the leave they believe they and their babies need, support for refugees³³, etc.

Energy Action Scotland has warned lives are at definite risk³⁴, something the First Minister highlighted. Clearly action is needed to tackle specifics such as the higher rates paid by those on pre-payment meters and that bills should charge more the more energy you use after a basic rate for everyone. This would support those who use least or who work to improve their energy efficiency. (With suitable safeguards for, e.g., those with health and disability needs for higher heating/energy use.³⁵⁾

Cost of living crisis – free school meals

The Scottish Government has delayed extending free school meals to primaries 6 and 7 from August 2022.³⁶ This decision must be reversed and UNISON calls on ministers in the emergency budget review to extend free school meals to all school pupils as soon as this can be done, to help with the cost of living crisis. We have long argued for universal free school meals, but even if Ministers say they will do it, or a step towards it as a temporary measure to start with, that would potentially be a huge help to many low income families, alongside all the other benefits highlighted recently by the STUC Women's Committee campaign.³⁷

National Care Service (Scotland) Bill – including threats to local government

The Committee wants to look at the impact of public service reform. We are particularly concerned about the scale of the impact of the proposals in the National Care Service Bill on local government, given the massive implications and impact on

³¹ <https://unison-scotland.org/unison-report-getting-to-net-zero-in-uk-public-services/>

³² <https://magazine.unison.org.uk/2021/11/08/unison-launches-its-blueprint-for-climate-friendly-public-services/>

³³ <https://www.scottishrefugeecouncil.org.uk/our-calls-for-increases-to-asylum-support/>

³⁴ https://twitter.com/EAS_Scotland/status/1559180625416003584?s=20&t=CDPJuQRhYBH72-yereFt6Q

³⁵ <https://www.bbc.co.uk/news/uk-scotland-tayside-central-62469853>

³⁶ <https://www.bbc.co.uk/news/uk-scotland-62484841>

³⁷ <https://www.heraldsotland.com/politics/20080503.school-meals-free-pupils-says-stuc/>
https://stuc.org.uk/files/FM_Free_School_Meals.pdf

potentially moving up to 75,000 social work and social care staff out of local government. Indeed, we argue that this Bill effectively seals the fate of local authorities as a tier of government. It is the most outright and comprehensive assault on local government in a generation, the end of local democratic control of social services. There are other consultations ongoing on the Bill, but we believe it is important to highlight some of the key issues here as they have profound implications for the future delivery of social work services and for social work staff. The proposals have major financial implications, including on the jobs, pay and conditions of staff at the time of the massive cost of living crisis. Similarly, the discussions around sectoral collective bargaining in social care are directly relevant to that as we seek to improve the pay and terms and conditions of those staff. We argue the new collective bargaining 'machinery' should be set up urgently, especially given the recognition of the very serious scale of the likely impact of the cost of living crisis. Social care workers are amongst the lowest paid staff in Scotland and we urge the Committee to call on Ministers to instruct negotiators to come to the necessary agreements in joint negotiations with the trade unions so that implementation can start in the near future, well before the establishment of the NCS.

On the substantive Bill, firstly we wish to stress that the First Minister's claim that the establishment of the National Care Service is on a par with the establishment of the NHS is a sham. UNISON has three recent briefings: on the Bill itself, on social work implications and on local government implications, which together spell out clearly why this is in no way a valid comparison with the current plans for the NCS.³⁸ The Bill, published on 21 June, confirms that what the Scottish Government calls a 'National Care Service' is the current system with added ministerial oversight and some national standard setting. We are deeply opposed to it locking in social care as a commodity in a market rather than a public service for citizens. See also the STUC report 'Profiting from Care'.³⁹

We referred to up to 75,000 jobs potentially moving out of local government. Essentially, the proposals involve two options. One transfers their employment to the National Care Service, where new Care Boards may take over direct delivery of social work services, with staff transferred under TUPE. Social workers would continue providing social work services, but under the direction of, and accountable to, Scottish Ministers rather than the local authority/Health and Social Care Partnership. Option 2 would see them remain a local authority employee, but where social work services are "currently provided in-house by local authorities, that may continue under a procurement arrangement with the care board." This implies that councils will compete for contracts to deliver social work services.

The Bill will transfer statutory duties for social work from local authorities to Scottish Ministers, but these will sit with the local care boards who will also hold the funding. A National Social Work Agency will be created within government as a unit within the NCS. The Agency will be responsible for workforce planning, training & development and for social workers' pay, terms and conditions. Social workers will therefore be removed from local government pay bargaining arrangements. The Bill also provides for the transfer, along with staff, of the property assets associated with social work and care from local authorities to Care Boards.

³⁸ <https://unison-scotland.org/national-care-service-bill/> <https://unison-scotland.org/wp-content/uploads/NCS-Bill-Social-Work-e-briefing.pdf> <https://unison-scotland.org/local-government-and-the-national-care-service/>

³⁹ <https://stuc.org.uk/files/Reports/Profiting-from-Care-Report.pdf>

These proposals have huge implications for decision making and accountability at local level, with the potential loss of local priorities for provision of vital services best suited to be decided upon within the community, with joined up connections with other council services etc. And they have huge implications for social work and social care staff pay and terms and conditions, including potentially pensions. The details are in our briefings. This is a massive change and was not part of the original proposals.

We do not believe these impacts are widely known or understood. They are certainly potentially hugely detrimental to the social work staff we represent in councils and in the voluntary sector. They will, in our view, be detrimental to services in many key ways. We are currently consulting with our members, alerting them to the proposals and seeking their feedback. We ask the Committee to consider and question Ministers about the costs and disruption and risks involved, the impact on services and staff, and indeed whether this should be a priority at this time. Amid a social care and social work crisis very significant sums of public money and resources are being diverted into bureaucratic restructuring rather than meeting people's needs. We profoundly disagree with the premise in the Bill that who provides social work and social care services makes no difference in terms of the quality of services provided to citizens and therefore no difference whether services are provided by councils, the private or the voluntary sector. The changes are intended to be in place by 2025/26. We are opposed to profit being part of care and believe most people agree. We urge the Committee to support publicly run and delivered social services and argue against this major attack on local democracy. Members should also note that there are already serious cost concerns about the additional £840m for social care announced in the spending review and intended to deliver the 25% uplift over the lifetime of this parliament tied to the cost of establishing the NCS. This is already regarded as underestimating the costs of delivering the Feeley Review recommendations, without even considering the needs within social work – a service which is also in crisis, underfunded, understaffed and undervalued.⁴⁰

On social care bargaining, we request an urgent firmer public commitment to sectoral collective bargaining and to establishing the mechanisms as soon as possible in the coming months.

Spending priorities and political choices

As UNISON Scottish Secretary Tracey Dalling and STUC General Secretary Roz Foyer said in responding to the spending review, the various drastic consequences we foresee are the result of deliberate political choices by the Scottish Government. We hope the Committee will urge Ministers to make much better choices, prioritising support for pay rises and real investment in public services.

As well as the range of spending options highlighted above, we would urge the Scottish Government to reconsider the strict spending cuts/'efficiency savings' being imposed in the coming period. These are looking to 'trim fat' where there is scarcely anything left to trim. They will mean some essential services will not be provided, on top of what we already see, with reduced leisure and library hours in many areas, NHS waiting time limits regularly surpassed and staff across public services expected to carry heavy workloads, exacerbated through staff shortages and sickness

⁴⁰ <https://socialworkscotland.org/reports/settingthebar/>

absence, itself impacted on by the heavy workloads while COVID infection rates have still been at very high levels this summer. Police and fire and higher and further education all receive 9% cuts, which will hit these services hard, with none of the demands on them reducing and many increasing, such as responses to increased extreme weather events by the emergency services.

In further education, UNISON is deeply concerned at the 'flat cash' settlement, particularly at a time of rapidly escalating non-pay costs for employers, alongside workers justifiably demanding that their real terms pay be protected. We of course welcome the significant resource committed to pay harmonisation in Scotland's colleges. We are working with employers to deliver what the lecturers already have – equal pay for work of equal value sector-wide. We welcome continued support from the Scottish Government and Scottish Funding Council for successful completion of this crucial project. However, we completely oppose any further attempts to cut jobs from the college sector. We have already seen forced closures of nurseries and catering facilities on spurious grounds, with good, union jobs lost and services permanently diminished for students and local communities. FE is by some distance the worst funded education setting per head. Our call for fair funding isn't just about our members. College students are disproportionately working class, and colleges are closely involved in low-income communities all over Scotland. The Scottish Government must assert its no compulsory redundancies policy when colleges threaten CRs to secure 'voluntary' severance.

Higher education too has an inadequate funding settlement. The Scottish Government cannot expect these major, strategically vital employers to rely on international student income for institutional stability and service delivery. As geopolitical tensions rise in an increasingly volatile world, policymakers need to be prepared for the possibility of significant hits to international student income. While universities are autonomous, they could not operate without funding from the Scottish Government, through the Scottish Funding Council. That should come with much more serious conditions related to Fair Work, as we have seen these largely public organisations get away with egregious treatment of their staff in recent years. The recurrent (possibly unlawful) imposition of disputed pay offers, attempts to abolish local pensions for support staff (University of Dundee) and the grim inequalities of wealth and power on Scottish campuses should be addressed in a much more serious fashion by a Scottish Government serious about Fair Work and a just society.

We have covered some of our main concerns for local government and social care in sections above, so will first make some specific comments on health and social care in this section, then on an emergency rent freeze, on climate action and some examples of other political choices that could raise some funds to help improve the spending options, particularly to support much needed pay rises.

The Scottish Government says in the spending review that health and social care will have a real terms 0.6% annual increase over the coming four years. However, NHS Scotland's Chief Executive Caroline Lamb recently reported they have been told to make an extra £770m in savings for this financial year. We do not believe NHS funding is being protected. Indeed, there is still a massive and ongoing impact from COVID on top of other pressures on beds, with a number of health boards, including the biggest, NHS Greater Glasgow and Clyde, recently again issuing warnings such as that people should not attend accident and emergency unless for very urgent or life

threatening conditions.⁴¹ NHS Lanarkshire said at the end of July it was operating at “beyond critical occupancy levels” across its three acute hospitals.⁴² NHS Lothian on 17 August issued a similar critical warning for A&E.⁴³

As well as the drastic pressures on staff in such conditions, many of whom have worked under intensive stresses since at least the start of the pandemic, the risk to patient welfare is considerable, with lengthy A&E waiting times and ambulance delays⁴⁴ undoubtedly impacting on health outcomes.⁴⁵ We will provide more detail in our response to the Health, Social Care and Sport Committee.

Matt McLaughlin, UNISON Head of Health, says that with massive short staffing across all disciplines, predating COVID, “plans to reduce the treatment backlog are at serious risk of failure unless significant additional funding is found to increase estate (beds/theatres) and staff capacity.” Our members and NHS Boards across Scotland are reporting dangerous low staffing levels in all areas. This is not COVID. Outwith the peak, COVID rates amongst NHS workers have been relatively small (typically around 0.5-1%) or at worst consistent with community infection rates. It is scandalous that when NHS Boards cannot recruit and retain staff, they are forced to buy in services from nursing and other agencies – a self-made crisis with nurse agency spending at an all time high of £236m in 2021, on course for similar or higher in 2022. While there might be an argument in support of a limited use for private agencies and bank nursing to supplement staffing during periods of extremis, reliance on them is now the norm. (See point 11 on p14.) With some agencies paying up to £99 per hour⁴⁶ it is little wonder some nurses are considering leaving to work for agencies.

The current funding proposals will certainly not meet demand pressures in areas such as NHS pay, drug costs and demographic pressures. For NHS Greater Glasgow and Clyde, a 1% inflation increase equates to an extra £5m of costs. Increases to utility bills will be likely to have an even bigger impact. The NHS recruitment and retention problems will not be helped without a significantly improved pay offer.

Turning to rent as an area for better political choices and action, Ministers could act to bring in an emergency rent freeze as proposed by Mercedes Villalba MSP in June, supported by Labour, but inexplicably voted down by the SNP, Greens, Tories and Lib Dems.⁴⁷ Her work with Living Rent on this was supported by among others the STUC and Govan Law Centre. The Scottish Government’s emergency budget review should implement this.

Climate action has to be a priority and is identified as such in the spending review. However, we want to see much more done on retrofitting homes to high EPC C standards, ideally through municipal energy companies⁴⁸, as well as greater support for municipal bus companies. The current cost of living crisis also merits looking at

⁴¹ <https://www.dailyrecord.co.uk/news/scottish-news/scotlands-largest-health-board-tells-27411323>

⁴² <https://www.nhs.uk/news/2021/07/17-nhs-lanarkshire-risk-level/>

⁴³ https://twitter.com/NHS_Loathian/status/1559948269882589185?s=20&t=bOsSuqR4wEenrain6Xfilg

⁴⁴ <https://www.dailyrecord.co.uk/news/scottish-news/scots-gran-broken-hip-stranded-27741660>

⁴⁵ <https://www.dailyrecord.co.uk/news/scottish-news/forth-valley-nhs-apologises-emergency-27584168>

⁴⁶ https://tnssng.fra1.digitaloceanspaces.com/sngltd/wp-content/uploads/2021/12/SNG_Scotland_NI_Pay_Rates_from_Dec_2021.pdf

⁴⁷ <https://twitter.com/LabourMercedes/status/1541854226103549954?s=20&t=pIN0eW88AeKsvhzOaDvO5Q>

⁴⁸ <https://stuc.org.uk/media-centre/news/1622/stuc-launches-campaign-to-upgrade-scotland-s-homes>
https://stuc.org.uk/files/campaigns/Homes/Our-Homes_briefing.pdf

options for free or reduced cost public transport schemes. We are members of the Just Transition Partnership, along with the STUC, environment organisations including Friends of the Earth Scotland and some other trade unions. As noted above on energy and cost of living, the STUC, with FoES in the JTP, recently commended the new Just Transition Commission's first report, which proposes action in areas such as energy, transport and buildings, aiming to close the investment gap and deliver a better deal for workers, including tackling inequalities and working for a global just transition. We believe clearer political funding choices have to be made to enable this transition at speed. We support the response to this Committee from Stop Climate Chaos Scotland⁴⁹ and urge Committee members to call for a simple, practical and effective move the Scottish Government could take that has small financial implications but we believe would deliver major benefits across all sectors: a strong recommendation to employers to grant facility time to workplace green reps, in the way that health and safety reps have statutory facility time. This would assist not just with green workplace action on emissions reduction, but also on crucial adaptation work, as identified in the new resources for trade unionists produced in a joint project with the STUC, Adaptation Scotland and UNISON.⁵⁰

Doing things differently

Finally, we are often asked in what ways Scottish Ministers could raise money, or switch spending priorities or make savings. This is a short, by no means comprehensive, series of suggestions of where and how the Scottish Government could find more money for public services and those who provide them. We offer them not to suggest they form a complete solution to spending issues – but as an indication of the kind of thinking that needs to be done to rescue public services from their current overlapping crises. It has to be said that neither creativity nor dynamism in respect of funding has been a feature of the Scottish Government's work. The Scottish Government has, albeit within limits, considerable powers to raise funds and change funding mechanisms. Instead, it has been more typical of Ministers to boast of their decisions not to raise revenue. Regardless of whether or not this was ever a wise or effective course of action, it cannot be tolerated now as public services buckle under pressure. Boasts about low tax rates are attacks on public services and those who deliver them.

In no particular order, we would highlight the following:

- 1) ending or reducing the Scottish Government Small Business Bonus Scheme, which has cost well over £2bn in the 13 years it has been in place offering non-domestic rates relief to small businesses. A recent Fraser of Allander Institute investigation “could find no empirical evidence that identifies the SBBS as supporting enhanced business outcomes.”⁵¹ However, the researchers were only working with limited information.
- 2) If the rates for Land and Business Transactions Tax were adjusted to increase revenue, even by as little as 10%, this would raise an extra £40m on top of current

⁴⁹ <https://www.stopclimatechaos.scot/wp-content/uploads/2022/08/SCCS-submission-to-FPAC-pre-budget-scrutiny-FINAL.docx-1.pdf>

⁵⁰ <https://www.adaptationscotland.org.uk/how-adapt/tools-and-resources/climate-risks-workplace-protecting-workers-changing-climate>

⁵¹ <https://fraserofallander.org/an-evaluation-of-the-small-business-bonus-scheme/#:~:text=The%20Small%20Business%20Bonus%20Scheme%20offers%20a%20non%2D,this%20relief%20for%20qualifying%20properties>

revenue of only £402m.⁵² This is an absurdly small tax when the value of the residential sales market alone was £18.5 billion in 2020-21.⁵³

3) Increasing the Additional Dwelling Supplement – the LBBT charged on second or third or buy to let homes – by 2% to 6% would raise another £56m.

4) An IPPR Scotland report last year indicated that reducing the threshold for higher income tax to £40k (from the current £43k) would raise £690m. This was described as a ‘social renewal supplement’ on higher earners in Scotland.⁵⁴ NB: there are implications for the Scottish Government budget from the pledges by the Tory leadership/Prime Ministerial candidates to cut taxes, discussed in detail in this report from the Fraser of Allander Institute.⁵⁵ It points out that UK Government tax cuts could force the Scottish Government to choose between having lower income taxes for most in a supposedly fairer tax system than in the rest of the UK, or “emphasising the merits of a relatively higher tax burden for public services.”

5) increasing the landfill tax from the current UK level.

6) Pursuing a solution with the UK Government to Scotland raising the Air Departure Tax above the UK equivalent Air Passenger Duty. (Scotland would only receive the increased amount, due to adjustments to the block grant for the rest.) Any action is seemingly being held up by trying to work out how to stop Highlands and Islands airports being impacted, even though their flights are a tiny proportion of flights from Scottish airports.

7) Of course, local authority funding, as mentioned above, is a longstanding issue as the Scottish Government kicked replacement of the council tax into the long grass and imposed a nine year council tax freeze. Since 2016 the Scottish parliament has had the ability to levy any tax it wants provided the money is used to fund local government. But there is no indication that, if they organise the promised Citizens Assembly to draw up proposals to replace the council tax, any legislation would come before the 2026 election. A new system is definitely needed as council tax is currently only about 13% of council funding. BUT it is entirely possible and do-able quickly, for the system to be made more progressive, with more bands and with bills increased for the most expensive properties. To give just one example – an increase of just £100 per property for the most valuable 25% of properties in Scotland (Bands FGH) would net £69m. More could be raised from the ~144,000 properties in Scotland with a median price of more than half a million pounds.⁵⁶

8) A local inheritance tax could be introduced using local tax powers in Scotland, provided the revenue went to local government. A local inheritance tax would be very progressive, given on most recent estimates, 20 per cent of adults in Scotland have zero or net-negative financial wealth, and 35 per cent of adults have zero or net negative property wealth.⁵⁷ This could in effect lower the threshold in Scotland. “Based on the value of estates over the last five years, a flat local inheritance tax, set at a marginal tax rate of 10 per cent, paid above a threshold of £36,000, could raise around £200 million per year in Scotland (assuming no behavioural changes and

⁵² <https://revenue.scot/sites/default/files/2021-12/Revenue%20Scotland%20Devolved%20Taxes%20Account%20Annual%20Report%202021.pdf>

⁵³ https://www.ros.gov.uk/_data/assets/pdf_file/0019/189001/Property-Market-Report-2020-21.pdf

⁵⁴ <https://www.ippr.org/files/2021-03/btb-briefing-1-march-2021-final.pdf>

⁵⁵ <https://fraserofallander.org/income-tax-proposals-in-the-conservative-leadership-campaign-implications-for-the-scottish-budget/>

⁵⁶ Estimates derived from <https://www.ippr.org/files/2021-04/better-than-before-how-local-tax-reform-can-help-pay-for-recovery.pdf>

⁵⁷ <https://www.resolutionfoundation.org/publications/taking-stock/>

assuming no local inheritance charge on transfers to spouses or civil partners as per existing UK inheritance tax).⁵⁸

9) Tourism taxes are widely used throughout the world. A promise was made in the programme for Government 2019 to consult on and legislate to allow councils to levy tourist taxes was made – a consultation has taken place but nothing since

10) Land value uplift taxes could be introduced, bringing in a new system of land value capture so that a significant proportion of the uplift in land value from major public infrastructure works is made available to councils to invest in infrastructure and public services⁵⁹. Legislation to allow councils to buy land for housing at its existing use value would make housebuilding budgets go significantly further.

11) In the NHS, improved workforce planning could save the money spent on the very high numbers of bank and agency nursing and midwifery staff. Prior to the pandemic the numbers had risen for ten years. In 2018/19 there was a 10.9% increase in the use of agency staff at a total cost of £26.2m. Overall numbers of these bank and agency staff combined that year equated to approximately 5,000 ‘average’ WTE.⁶⁰

Conclusion

There are many things that the Scottish Government can do to assist with the cost of living crisis, as well as putting pressure on the UK government to respond effectively and urgently. We believe that the Resource Spending Review plans and some of the proposals for the National Care Service put public services under considerable threat. We urge the Committee to recommend that Ministers act on all the issues we have raised, in particular on pay, on collective bargaining for social care, on free school meals, and in further urgent practical financial support for the most vulnerable, wherever this can be done. Further innovative ideas and initiatives to offer support could also contribute to helping families, even where each alone may not seem to make a major impact. Something as simple as free period products, which Scotland has pioneered, can make a big difference to those on low incomes. UNISON, as part of and with the trade union movement, will be watching closely what politicians do and don't prioritise and will be campaigning for transformative action that will make a real difference to our members lives and that will indeed save lives and livelihoods. We must tackle the immediate crisis and secure the funds for the just transition to save the planet from catastrophic runaway climate change.

UNISON Scotland, August 2022

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⁵⁸ https://www.ippr.org/files/2019-09/1568730565_local-tax-in-scotland-sept19.pdf p24

⁵⁹ https://www.landcommission.gov.scot/downloads/5dd6a24c0c1d6_Land-Focus-Land-Value-Capture-May-2018.pdf

⁶⁰ <https://www.isdscotland.org/Health-Topics/Workforce/Publications/2019-06-04/2019-06-04-Workforce-Report.pdf>