

DRAFT BUDGET 2014-15

SUBMISSION FROM UNISON

Introduction

UNISON is Scotland's largest public sector trade union representing 160,000 members delivering services across Scotland. Our members deliver a wide range of services in the public, community and private sector. UNISON is the largest union in the energy industry in Scotland.

We welcome the opportunity to make this submission to the Economy, Energy and Tourism Committee in response to their call for evidence¹.

General comments

UNISON starts from the premise that there is an alternative² to the unfair and deeply damaging austerity policies being pursued by the UK Coalition Government. We believe that the Scottish Government, while constrained by UK funding cuts, still has many options on how best to tackle economic and social justice policies that will deliver a fairer Scotland. Oxfam Scotland's recent report, *Our Economy: Towards a New Prosperity*³, highlights how the existing economic model is making inequality and poverty worse and needs to change. In particular, it warns that work is no longer a route out of poverty, with 40% of those in poverty in Scotland being in work. And the wealthiest households in Scotland are 273 times richer than the poorest.

UNISON Scotland does not believe we can create sustainable growth by relying on the whims of market forces, focused on short term returns without reference to wider social need. We require an active economic and industrial policy aimed at creating full employment. Work must pay enough to ensure a decent standard of life, with a living wage for those working to provide vital services. We need fair taxation and a crackdown on tax avoidance. Taxes are good value for money. Investment in public services helps create demand in the economy and maintain communities. We are disappointed that the Scottish Government does not aim to use the full range of revenue raising powers at its disposal to fund public services that are so at risk.

We want no part in policies like the bedroom tax that ask disabled people and other highly vulnerable groups to pay for the bank bailout, at a time when bankers retain massive bonuses and benefit from the top rate tax cut.

The Committee's call for evidence refers to Scotland Performs, the National Performance Framework (NPF) which tracks progress in delivering on the Scottish Government's Purpose Targets and which lists National Indicators for a snapshot assessment. We are concerned that the Scottish Government's approach to its Purpose – "to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth" – places too much emphasis on sustainable economic

¹http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Draft_budget_2014-15_Call_for_evidence.pdf

²<http://www.thereisabetterway.org/>

³<http://policy-practice.oxfam.org.uk/publications/our-economy-towards-a-new-prosperity-294239>

growth, prioritising (supposedly⁴) business friendly policies, and not enough on opportunities for everyone to live well in a society that recognises the dignity of every human being.

As the Oxfam report says, the existing economic model traps too many in a cycle of economic hardship. The scandal of zero hours contracts and welfare reforms adds to the pressures on those in and out of work.

On **Question 3** from the Committee (is the NPF an effective method of measuring performance and are sufficient resources being allocated to track progress against the targets and indicators?), we agree with Oxfam that the Scottish Government should build on the NPF and Oxfam's excellent Humankind Index, to find a better way of measuring collective prosperity. We note too that the Carnegie Trust has submitted evidence to the Committee proposing ways to make the NPF more effective for holding the Scottish Government to account⁵.

Questions:

We will comment in general in relation to Qs 1 & 2, then on a couple of specifics on Qs 4 & 5, with all responses relating to the Committee's core areas of interest.

Q1: How has the Scottish Government's budget over the years 2012-13 and 2013-14 supported these core areas of interest?

Q2: What progress has the Scottish Government made in delivering its overarching purpose - focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth - through its spending decisions over the last two years and in relation to NPF targets and indicators?

As stated above, we believe that some policies are harming not helping. These include the unfair council tax freeze, college regionalisation and the damaging public sector pay policy, when everyone knows that putting money into the pockets of the low paid actually helps the economy. Our members in local government, for example, have seen the value of their pay fall by nearly 13% in three years. Across public services, hard working families are struggling to make ends meet. Thousands of jobs are going and the health service is being squeezed and the community and voluntary sector is being hit particularly hard by the cuts. Yet the recent Centre for Public Policy for Regions report estimates that we have only had 57% so far of the real terms expected cuts by the UK Government⁶. The revenue budget will be cut by 1.9% (£401million) following the June spending review.

A number of spending decisions are problematic, in particular because many cuts are false economies as preventive spending is especially important in so many

⁴ 'Business friendly' policies could of course in fact often be not so, when they damage the economy and, in turn, or directly, business, including SMEs. We argue this, for example, re meat inspections and how consumer safety and public confidence in the meat they eat is helped, not hindered, by proper independent inspection, which therefore helps the industry. The new foods body for Scotland must ensure this. <http://unison-scotland.blogspot.co.uk/2013/05/food-safety-requires-independent.html>

⁵ <http://www.carnegieuktrust.org.uk/CMSPages/GetFile.aspx?guid=7bc5b2e4-5514-4ad5-b05e-0f59cbec0c82>

⁶ http://www.gla.ac.uk/media/media_286106_en.pdf

areas, from early years to health and to climate change. (All committees have been asked to assess how spending takes account of climate change and helps meet targets in the 2009 Act) The Committee is focusing on areas including public procurement, the 'Overarching Priority for the Transition to a Low Carbon Economy', attracting investment in renewables and a strong supply chain, Modern Apprenticeships and Opportunities for All, Energy Assistance and Home Insulation schemes, and the creation of jobs in the private sector to somehow compensate for lost jobs in the public sector.

On the last point, for a start, lost jobs can cost the economy more in less tax income and higher benefits paid out. But too many jobs being 'created', are insecure, part-time, often zero-hours contract jobs that are part of the problem we and the STUC (and the recent Oxfam report) have highlighted and that do nothing to boost spending in local communities. Privatisation and contracting out play a big part in this and are being fuelled by cuts to local government, which in Scotland is bearing the brunt of spending cuts, yet is constrained by the council tax freeze. Meanwhile, we see soaring use of food banks and increased cost to local authorities in dealing with child poverty, as highlighted in a recent report by the Child Poverty Action Group⁷. The Scottish Government should ensure the provision of much more useful labour market information. We welcome many of the recommendations in the Committee's report on underemployment in Scotland, particularly in looking at how the forthcoming Procurement Reform Bill might ensure the public sector and its contractors do not misuse zero hours contracts⁸, and on childcare provision and costs. UNISON also wants to see apprentices paid a living wage, (as achieved in e.g. Aberdeenshire and South Lanarkshire), rather than the current scandalous £2.65 per hour minimum wage they earn. And we have highlighted the disgrace, when so many young people face bleak futures, of cutting college courses, with centralisation being about cuts, not addressing the needs of students and the economy⁹. Apprentices and many others need access to quality training at FE colleges, which have a key role in ensuring a skilled workforce and in lifelong learning.

In limited space, we cannot highlight everything we would want to. However, the Committee's areas of interest can largely all come under the overarching priority for the transition to a low carbon economy. UNISON and the STUC support Just Transition policies and call for a comprehensive low carbon industrial strategy, a transitional skills strategy and a green workplaces strategy. With Stop Climate Chaos Scotland (SCCS) we are calling for a doubling to £40 million of the budget for active travel, with the funding coming from other areas of the transport budget. We would ask all committees to support this. Active travel and reducing traffic congestions are two indicators listed by this Committee in the call for evidence. On the renewables area of interest, while we welcome a massive expansion in renewable energy, we want a balanced energy policy and would ask the Committee to seek evidence of promised jobs and boost to the supply chain actually materialising. Much is regularly promised with little evidence of predicted gains being realised in full.

⁷ http://www.cpag.org.uk/sites/default/files/CPAG-local-authorities-child-pov-0713-amended_0.pdf

⁸ www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Reports/eeR-13-06w.pdf

⁹ http://www.unison-scotland.org.uk/response/Post16Education_EvidencetoSPEducation+CultureCttee_Jan2013.pdf

Q4: How should resources allocated to the economy, energy and tourism portfolio in the draft 2014-15 budget be applied to support these core areas of interest and NPF targets and indicators and achieve long-term economic growth?

Q5: What alternative spend would you propose to better support each core area of interest and from what area should such resources be diverted?

Obviously some of what is mentioned above applies here. In addition, UNISON wants to concentrate here on public procurement and energy efficiency.

The Committee has noted that public procurement has a part to play in stopping the abuse of workers through zero hours contracts. UNISON, the STUC and others are calling for the forthcoming Procurement Reform Bill to ensure public spending on procurement maximises social justice, economic and environmental benefits through making sure the Living Wage is paid to contractors' staff, by supporting a range of labour rights and workforce protections including action on blacklisting, through innovative ways to tackle tax dodging, by ensuring contractors reduce carbon emissions and support fair trade¹⁰. It is disappointing, that the Committee's list of relevant indicators on procurement as an area of focus only includes increasing the number of businesses and new homes, with no mention of climate change action or other potential benefits, but this fits with the way the Scottish Government changed the Bill from its original proposed Sustainable Procurement Bill to a very much 'business friendly' focus. The Committee could address this.

Spending on energy efficiency schemes is a win win, boosting action on fuel poverty (which affects 40% of Scottish households) meeting climate change targets, providing jobs and boosting quality of life. UNISON, with SCCS and others, has warned that the Scottish Government's climate change plan, the RPP2, does not do enough to ensure climate change targets are being met¹¹ (indeed the first two targets were not). This Committee could call for more spending on energy programmes (see SCCS RPP2 briefing¹²). Energy Action Scotland warned that the new sustainable housing strategy must be matched by proper resources on energy efficiency and fuel poverty¹³.

Funding could come from spending on expensive PPP/PFI schemes and on consultants and, as mentioned above, among other possible taxation measures, the council tax freeze should be ended to give councils greater autonomy and flexibility in protecting key public services and supporting communities and action on climate change.

Conclusion

UNISON urges the Committee to support the above proposals¹⁴ as they could make a major contribution to the relevant national indicators and Purpose Targets.

¹⁰ http://www.unison-scotland.org.uk/response/ProcurementReformBill_Response_Nov2012.pdf

¹¹ <http://www.stopclimatechaos.org/news/2013/06/27/scottish-governments-climate-plan-doesnt-add>

¹² www.stopclimatechaos.org/sites/default/files/briefing%20for%20parli%20debate%20on%20rpp2-march2013-final.pdf

¹³ <http://www.eas.org.uk/page.php?id=3229>

¹⁴ Please see also our response to the Finance Committee Call for Evidence at <http://www.unison-scotland.org.uk/response/index.html>