

ECONOMY, ENERGY AND FAIR WORK COMMITTEE**DRAFT BUDGET 2019-20****SUBMISSION FROM Unite the union****Unite the union response to Economy, Jobs and Fair Work Committee
Scottish Government Draft Budget 2019-20 call for views**

Unite the Union Scotland represents around 140,000 working people and their families throughout Scotland. Unite is the UK's largest trade union with 1.4 million members in a range of industries including transport, construction, financial services, manufacturing, print and media, the voluntary and non-profit sectors, education, local government and the NHS.

Overview

Unite welcomes the opportunity to comment on the draft budget for the period 2019-2020. In doing so, and taking account of the points raised in the call for views, we would also wish to make a number of more general points regarding local government funding and the impact that this is having on communities and workers. While the Scottish Government condemn Tory austerity, they have made choices to cut local government funding which is impacting significantly upon the ability of our members to deliver a professional service to Scotland's citizens.

Scotland's councils are suffering severe financial stress. The Accounts Commission, which polices local government finances in Scotland, has reported that a number of councils were two to three years from draining all their savings to fund services, after the local government experienced average cuts in funding last year of 5.2%.

As public toilets close, burial and parking fees increase, vital social care services are withdrawn and those delivering them lose their jobs, councils are not considering the impact these decisions are having within communities or the indirect impact on increasing inequality and social isolation. As the Audit Commission has pointed out: "...higher charges are likely to have a disproportionate effect on deprived and vulnerable communities."¹

The total cumulative debts of 30 local authorities rose to near record levels, reaching £14.5bn in March 2018, after an increase in borrowing of £836m as councils exploit historically low interest rates. At the same time they have cut £524m from their budgets and shed 2,200 jobs, spending £33m from their reserves.²

The cuts to core services are impacting upon the most vulnerable groups in society which is resulting in our members working unpaid, in their own time to compensate. Unite members in care services are dedicated professionals. They have a professional relationship with their service users and refuse to allow the hostile attack on the funding for their client's most basic needs, stop them from delivering the service level they require.

¹ http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180405_local_government.pdf

² <https://www.theguardian.com/uk-news/2017/nov/28/scottish-councils-signs-serious-financial-stress-cuts-accounts-commission>

Our members are not heroes or heroines for doing this; they are merely stepping up to do what any decent individual would do, given the circumstances. However many local authorities are exploiting their goodwill which is creating unacceptable levels of stress leading to an increase in stress related sickness absence and a feeling of hopelessness.

While the Tories make those least able to do so, pay for their austerity agenda, the Scottish Government makes excuses for imposing austerity cuts to local government. Unite is disgusted that public sector workers and the services they provide, are being used as a scapegoat in the tit-for-tat arguments between Westminster and Holyrood over funding levels. These are ideological choices made by both Governments.

Cuts to the public sector have negatively impacted upon women more than men since around two-thirds of the public sector workforce are women. Public services including social care services are being slashed. Women are users of these services but they are also the majority of workers providing the services. According to the Women's Budget Group, 73 per cent of those that are affected by the public sector pay freeze were women.³

The Scottish Government needs to fund core services to a level that provides dignity and respect as a matter of urgency. To put it bluntly, they cannot talk the social justice talk and not walk the walk. However this is not just a matter of principle, but a basic human right.

Unite would further wish to highlight that despite working harder, longer and for less than they did 10 years ago given pay stagnation, our members have also suffered an attack on their deferred pay i.e. pension. The movement from final salary to average earnings and the increase in payments has meant some people will be worse off in retirement than they expected to be or budgeted for. Not only are they penalised while at work, they are being penalised when they retire from work.

We need to think about the kind of country we want Scotland to be. Is it one where there are decent, well-paid jobs and workers are treated with dignity and respect, at work and in retirement; that the most vulnerable are looked after in a supported and caring environment and that the services they require are well funded. These are moral obligations that sit comfortably within a progressive modern economy. Or is it one that every decision is cost driven and that those least likely to speak out will find they are left behind. Unfortunately, unless there are dramatic changes Scottish citizens will end up with the latter when all their hopes were pinned on the former.

Role of Enterprise Agencies

Unite has no specific policy on the expected role of enterprise agencies. We would nevertheless have comments regarding the important role of all government agencies in aligning their functions with delivering positive economic outcomes.

Unite has in the past raised the issue of how the functions of enterprise agencies sit alongside the stated function of the Investment Bank if both are involved in allocating funds to businesses and projects across Scotland. At the most basic level this seems like duplication of functionalities. Enterprise Agencies support industries by awarding grants,

³ https://wbg.org.uk/wp-content/uploads/2016/03/WBG_2016Budget_FINAL_Apr16.pdf

allocate investments, agree loans etc, which are broadly similar functions to the key objectives of the Investment Bank in supporting a wider industrial strategy.

However, this raises the issue of whether the setting up of yet another quango, is actually necessary. If the cost of running each enterprise agency is diverting funds from actually contributing to positive projects then surely that is not the best use of public money.

We presently have Scottish Enterprise which is tasked with supporting indigeneous businesses and encouraging inward investment which has had some degree of success. However whether it is accurate to say that the agency has safeguarded jobs then perhaps the jury is out on that.

Unite believes the decision to involve Partnership Action for Continuing Employment (PACE) comes too late in many situations. The involvement of PACE too often takes place after the decision has been reached, instead of mitigating job losses by stepping in before it reaches a point of no return, when jobs could be saved, is wrong. We would argue that there should be more done by Scottish Enterprise and other similar agencies to provide a business mentoring taskforce bringing skills, knowledge and support at a point prior to the decision to close a company being made or indeed to provide the option for an employee buy-out to allow employee or cooperative ownership.

Unite has been involved in three major closures over the past few months; Pinney's, Annan, 2Sisters Food Group in Cambuslang and BiFab in Burntisland and Isle of Lewis. The closure of these manufacturers devastated local communities and led to hundreds of workers losing their jobs. If the option for employee or cooperative ownership were on the table, backed up with support and funding from Scottish Enterprise and the National Investment Bank then arguably, some of these jobs could have been saved.

Public ownership of Energy

Unite would be keen to explore how to promote and encourage the expansion of community and locally owned energy, as well as the wider issue of the re-nationalisation of the energy market.

There are presently a myriad of community renewable energy schemes across Scotland that are contributing to their local economies, bringing much needed income into the area. A number of these projects have ownership which is either shared between a community or local owner and a developer, or where multiple community or local owners have come together to share ownership. Local Authorities and Housing Associations also have significant levels of ownership, particularly Solar PV. These projects are all part of the mix that will contribute to reaching the target of 1GW of community and locally owned energy by 2010 and 2GW by 2030.

However, while a welcome step, Unite would argue that what we need is a shift in the control of energy away from large multi-national companies towards the wider desire expressed by Unite and others, for the re-nationalisation of the energy market in a way that protects the jobs, terms and conditions of workers presently employed across the sector. Unite would be keen to work with necessary stakeholders and the Scottish Government to explore how this would be achieved and to ensure workers' rights would be protected across the sector if this model was to be adopted.

Apprenticeship Levy

While Unite supports the concept of a levy in principle, and have long argued for a return to industrial training levies to address the persistent “market failure” in UK skills, it appears however, that the Apprenticeship Levy has been badly implemented.

Anecdotal and statistical information (The ONS/DfE FE Library) have shown that there has been an increase in adult (25 and over) apprenticeships. It would appear that this figure has been inflated by employers, using the apprenticeship system as a way to fund training for existing employees in what they would have trained them in anyway. With managerial level staff undertaking Higher and Degree Apprenticeships, to provide training and Higher Education level qualifications utilising the Apprenticeship funding system. Unite does not believe that this is how the system should be used.

The impact of the levy needs to be reviewed. Unite believes in an “industry led” approach as opposed to the Government’s drive for an “employer led” approach. Industry led, developed, recognised and properly regulated qualifications and apprenticeships would involve the employers’ trade associations, trade unions, technical and educational bodies, ensuring quality and transparency.

The drop off in apprenticeship numbers leads immediately to issues around quality vs quantity. Level 2 starts have particularly diminished, not least in the lower level intermediate occupations. The question remains, are 12 month and one day training programmes at Level 2 actually ‘apprenticeships’? Or are they more akin to a Trainee (not the Governments use of the word “Traineeships”) or Cadetships?

In England, the Association of Employment and Learning Providers (AELP) have argued for more Level 2 apprenticeships as Brexit approaches which brings with it insecurity and the very real threat of a potential decrease in migrant labour with intermediate skills sets. This needs to be approached with caution, i.e. quality cannot be compromised.

Another key factor around numbers and opportunities (not least for young and disadvantaged groups) is robust contract compliance and procurement. This is vital to ensure apprentices are able to complete their apprenticeship. Around 127 Scottish apprentices were faced with the threat of losing their jobs following the collapse of Carillion some of which were working on public sector procurement contracts. Such insecurity cannot be allowed to interrupt training and safeguards should be put in place, perhaps by utilising a proportion of the funds from the apprenticeship levy, to support apprentices to continue their training.

Apprenticeships and the Unite Construction Charter

The Unite Construction Charter is a campaign which aims to embed minimum standards and conditions that must be accepted to by all construction contractors seeking to profit from procurement contracts. This includes the delivery of apprenticeships. The Charter is currently being developed all across the UK, and in Scotland has been implemented by several council's including Renfrewshire, North Ayrshire, Fife, and North Lanarkshire.

The Charter is designed to support a fair and just construction economy and a legacy for communities from infrastructure investment. This includes a straightforward requirement from contractors on adherence to collective agreements; committing to support the role of trade union representatives on site; delivering first class apprenticeships; and an unequivocal commitment to prevent contractors that engage in Blacklisting from benefitting from any contracts. In addition any Charter must ensure that Umbrella Companies and methods of working that support bogus self-employment are unacceptable forms of engagement.

This can be an important lever in improving the quality of jobs and apprenticeships when government is investing to increase the supply of new build council homes for social rent. Direct Labour Organisations were traditionally a source of high quality apprenticeships. In addition, councils should be offered incentives to bring outsourced services back in-house for the on-going repair and maintenance of council housing.

There is much that can be done by the Scottish Government to drive fair work. Unite would argue that they can and should use a number of the powers they have to design an enabling institutional framework which manages the transition towards the 'collaborative' economy which includes a central role for trade unions in the private, public and not-for-profit sectors of the economy to drive fair work.

End.