



# **Scottish Government Draft Budget 2015-16 – Response to Infrastructure & Capital Investment Committee**

**The UNISON Scotland submission to the Scottish Parliament Infrastructure  
and Capital Investment Committee's Call for Views on the Scottish  
Government's Draft Budget 2015-16**

**Oct 2014**

## Introduction

UNISON is Scotland's largest trade union representing more than 155,000 members delivering services across Scotland. Our members deliver a wide range of services in the public, community and private sector. We welcome the opportunity to respond to the Infrastructure and Capital Investment Committee's call for views on the Draft Budget 2015-16<sup>1</sup>.

In this brief response we provide some key background context and concentrate on spending relating to the three National Performance Framework National Indicators on which the Committee will focus its scrutiny - **Reduce Scotland's carbon footprint; Reduce traffic congestion; and Increase the proportion of journeys to work by public or active travel** – all of which are supportive of the **National Purpose Target on reducing Scotland's greenhouse gas emissions**.

## Background

Austerity is bad for the economy and there is an alternative to the deeply damaging cuts imposed by the UK Coalition Government, as argued in our 2014 Budget Response<sup>2</sup>.

UNISON Scotland's new report *Austerity Doesn't Add Up*<sup>3</sup> shows how austerity policies are absolutely the wrong approach for the economy, are threatening our important public services and those who rely on them, and are damaging people's lives and health. The massive spending cuts have done huge harm, yet, as shown in our *The Cuts Don't Work* report<sup>4</sup>, most of the revenue cuts are still to come. But UK government borrowing is rising<sup>5</sup> and there are forecasts of another 100,000 children in Scotland being pushed into poverty by 2020. The Child Poverty Action Group in Scotland has highlighted the shocking impact of £6 billion of welfare cuts, of which £1 billion relates directly to children.<sup>6</sup> Austerity hits low paid women hard, risks a lost generation of young people who can't find work and is creating greater levels of income inequality. In another report we published this month, *The Price of Everything and the Value of Wages*<sup>7</sup>, we show the scale of the impact of falling levels of pay, with pressures from soaring prices, as well as costs such as rent shooting up. (More than one in eight households receiving housing benefit was in work in Feb 2014, up from 6% in 2008.) Thousands of people demonstrated across the UK on 18 October arguing that a pay rise for ordinary workers makes sound economic sense. It would also boost local economies. We support the STUC in saying that creating decent work and providing dignity for those who can't work is at the heart of the battle against austerity and tackling inequality. On the World Day for Decent Work<sup>8</sup>, the International Trade Union Confederation made the links between decent jobs, workers justice and climate justice, links that trade unions make here in our call for a Just Transition to a low carbon economy (referred to in our climate change comments below). The European Trade Union Confederation joined calls last

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<sup>1</sup> [www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/81296.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/81296.aspx)

<sup>2</sup> [www.unison.org.uk/news/budget-response](http://www.unison.org.uk/news/budget-response)

<sup>3</sup> [www.unison-scotland.org.uk/publicworks/AusterityEconomics\\_Oct2014.pdf](http://www.unison-scotland.org.uk/publicworks/AusterityEconomics_Oct2014.pdf)

<sup>4</sup> [www.unison-](http://www.unison-scotland.org.uk/publicworks/TheCutsDontWork_UNISONScotlandReport_June2014.pdf)

[scotland.org.uk/publicworks/TheCutsDontWork\\_UNISONScotlandReport\\_June2014.pdf](http://www.unison-scotland.org.uk/publicworks/TheCutsDontWork_UNISONScotlandReport_June2014.pdf)

<sup>5</sup> [www.bbc.co.uk/news/business-29702795](http://www.bbc.co.uk/news/business-29702795)

<sup>6</sup> <http://www.cpag.org.uk/sites/default/files/CPAG-Scot-factsheet-WR-impact-on-families-Oct14.pdf>

<sup>7</sup> [www.unison-scotland.org.uk/publicworks/PriceofEverything+ValueofWages\\_Oct2014.pdf](http://www.unison-scotland.org.uk/publicworks/PriceofEverything+ValueofWages_Oct2014.pdf)

<sup>8</sup> <http://2014.wddw.org/english/home/features/article/october-7-world-day-for-decent>

week for strong EU climate change targets, arguing that there are no jobs on a dead planet, and that the problems of mass unemployment and growing inequalities in Europe won't be solved by sacrificing environmental ambitions.

As our Draft Budget 2015-16 submission to the Economy, Energy and Tourism Committee<sup>9</sup> in July stated, 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 and that will tackle health inequalities in particular – arguably the greatest challenge.

We want politicians of all parties to put fairness and tackling inequality at the heart of economic policy, and to work together to do this. Given the professed strength of commitment to social justice from so many during the independence referendum campaign, **we look forward to urgent strong action that will prioritise support for those on the lowest incomes, including extending the Living Wage. All public service contracts should stipulate payment of the Living Wage**, a recommendation of the new Smith Institute report.<sup>10</sup> The Deputy First Minister and Cabinet Secretary Nicola Sturgeon gave a commitment during the passage of the Procurement Act to work with the trade unions on the statutory guidelines. We are therefore disappointed that there has been no progress on this issue. Similarly, we have procurement guidelines on blacklisting, but recent contracts have still been awarded to companies who engaged in blacklisting activities.

Finance Secretary John Swinney says in his foreword to the Draft Budget that the Scottish Government is committed to meeting the challenge of the “clear desire” expressed during the referendum campaign for an alternative to austerity and to the poverty and inequality that can cripple our society “as far as we can within our existing powers.” Those existing powers include tax-raising and borrowing powers and it is feasible to support local government by ending the council tax freeze, but the Draft Budget proposes to continue it. We urge Mr Swinney to actually use all the powers he has, not just the new borrowing powers for 2015-16. Our E-Brief on the Draft Budget shows that pay, local government and police take the biggest hit in the choices Ministers are making in implementing the UK Government's ideological attack on public services.<sup>11</sup>

Strong public services also have a key role in helping to address inequalities issues. Services should be protected and workers deserve a decent pay rise. Over five years, austerity measures have seen the Scottish budget hit with an around 10% real terms fall, with public service workers forced to take a massive cumulative pay cut. We ask Committee members to recommend addressing this.

UNISON welcomes action the Scottish Government has taken towards tackling climate change across portfolios, and the new Cabinet Sub-Committee on climate change, as well as the mainstreaming of scrutiny by the Scottish Parliament committees<sup>12</sup>. However, three missed annual targets are a terrible start to the efforts to deliver on Scotland's proudly proclaimed world-leading climate

<sup>9</sup> [www.unison-scotland.org.uk/response/UNISONEETBudgetResponseJuly2014.pdf](http://www.unison-scotland.org.uk/response/UNISONEETBudgetResponseJuly2014.pdf)

<sup>10</sup> [www.heraldscotland.com/politics/wider-political-news/economy-held-back-by-poor-deals-for-staff.25662968](http://www.heraldscotland.com/politics/wider-political-news/economy-held-back-by-poor-deals-for-staff.25662968) [www.smith-institute.org.uk/publications.html?category\\_id=3](http://www.smith-institute.org.uk/publications.html?category_id=3)

<sup>11</sup> [www.unison-scotland.org.uk/briefings/e-briefing\\_DraftScottishBudget2015-16\\_Oct2014.pdf](http://www.unison-scotland.org.uk/briefings/e-briefing_DraftScottishBudget2015-16_Oct2014.pdf)

<sup>12</sup> [www.scottish.parliament.uk/S4\\_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/Climate\\_change\\_budget\\_mainstreaming.pdf](http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/Climate_change_budget_mainstreaming.pdf)

legislation. Clearly more must be done urgently to ensure future targets are met, and in helping proper scrutiny by addressing criticisms of the carbon assessment of the Draft Budget (e.g. Transform Scotland said it is as much use as a chocolate fireguard<sup>13</sup>).

As mentioned, we are strong supporters of A Just Transition to a low carbon economy, highlighted in United Nations talks in New York last month<sup>14</sup>. Trade union members were prominent in demonstrations taking place in New York, London, Edinburgh and around the world, calling for a strong international deal on climate change to be agreed in Paris in December 2015. As members of Stop Climate Chaos Scotland (SCCS), UNISON is helping promote Scotland's climate law and its strong targets internationally<sup>15</sup>, to help win a strong deal. For the Scottish example to be taken seriously, it is vital to ensure further action to cut emissions so we get back in line with the annual targets. Committee members must hold the Scottish Government to account on this. There is no Planet B. We all owe it to future generations to act now to get this right. When a doctor tells you your time is limited without making changes, it's advisable to take that pretty seriously. The British Medical Journal this month called on the World Health Organisation to declare climate change a global public health emergency. Editor Dr Fiona Godlee said: "Deaths from Ebola infection, tragic and frightening though they are, will pale into insignificance when compared with the mayhem we can expect for our children and grandchildren if the world does nothing to check its carbon emissions. And action is needed now."<sup>16</sup>

### **Chapter 12 of the Draft Budget: Infrastructure, Investment and Cities**

With limited space, we'll comment here just on procurement, as above and including PPP/PFI and the Scottish Futures Trust (SFT), on Scottish Water, cities and housing investment. (NB: Extension of Freedom of Information legislation to cover all public services, however they are delivered, is something that anyone interested in proper financial scrutiny of public spending must support and ask the Scottish Government to implement.)

Procurement: A priority, as mentioned above, must be driving up pay levels by extending the Living Wage to contractors. The Scottish Government and all public bodies, including Scottish Water, can and should do this<sup>17</sup> - and address blacklisting, sustainability, tax dodging (potentially through using the Fair Tax Mark<sup>18</sup>) etc. The Committee should recommend it. The Scottish Government should also set up a Living Wage unit to support extending as widely as possible.

While we welcome the Scottish Government's commitment, mentioned in Chapter 12, to retaining Scottish Water in the public sector, there has been a drift towards privatisation. Firstly, through the hugely expensive PFI schemes and then by a broader PPP scheme which has seen the extensive contractorisation of Scottish Water. Earlier this year an FOI request revealed that 92.5% of Scottish Water's

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<sup>13</sup> <https://twitter.com/TransformScot/status/521684678370394112>

<sup>14</sup> [www.equaltimes.org/here-s-why-the-unions-are#.VBwO2gxJG-B.twitter](http://www.equaltimes.org/here-s-why-the-unions-are#.VBwO2gxJG-B.twitter)

<sup>15</sup> <http://publicworksscotland.blogspot.co.uk/2014/09/world-leaders-urged-to-follow-scotlands.html>

<sup>16</sup> [www.bmj.com/campaign/climate-change](http://www.bmj.com/campaign/climate-change)

<sup>17</sup> [www.unison-scotland.org.uk/briefings/b056\\_BargainingBrief\\_ExtendingLivingWage\\_July2014.pdf](http://www.unison-scotland.org.uk/briefings/b056_BargainingBrief_ExtendingLivingWage_July2014.pdf)

<sup>18</sup> [www.theguardian.com/business/2014/oct/20/sse-becomes-first-ftse-100-company-awarded-fair-tax-mark](http://www.theguardian.com/business/2014/oct/20/sse-becomes-first-ftse-100-company-awarded-fair-tax-mark)

capital programme has been delivered by private contractors over the last four years, while just 7.5% was delivered by Scottish Water staff.<sup>19</sup>

As members know, we oppose the continuing use of PPP/PFI through NPD/hub etc.<sup>20</sup> It is far more expensive than conventional funding. The SFT should now drive forward buyouts of schemes where that saves the public purse money. Chapter 12 says the SFT has reported its work on infrastructure investment has delivered savings of £640 million, but our 2007 report<sup>21</sup> showed that the PPP/PFI schemes then in place were not only costing £2.5 billion more than through conventional funding, but £3.5 billion was added to the taxpayers' bill to massage the figures in favour of private funding. At a time of tight public finances, pursuing further PPP/PFI makes no sense. The example of the Northumbria Healthcare Foundation Trust finding that it made financial sense to buy out its PFI contracts for work on two local hospitals via a loan from Northumberland County Council, funded through the Public Works Loan Board, highlights the disgraceful waste of public funds on private financing.<sup>22</sup> Scottish councils, now closely involved with health boards as part of health and social care integration, may wish to look at this and might even make some income on such projects. Any renegotiation of some of the PPP/PFI contracts should also look at improvements on sustainability.

For other innovative ideas, we turn to cities and urge the Committee to encourage support for local authorities (and Scottish Water) to get involved into energy generation, boosting renewables and council income.<sup>23</sup>

In urging massive housing investment this month<sup>24</sup>, we pointed out not just the benefits for carbon emissions reduction and fuel poverty in building new energy efficient houses, but that government isn't the only source of capital. Public sector pension funds should be investing in housing.<sup>25</sup> We urge the Committee to recommend substantially increasing investment in affordable social housing.

**Reduce Scotland's carbon footprint,  
Reduce traffic congestion; and  
Increase the proportion of journeys to work by public or active travel**

Given the scale of Scotland's ambition, with its world leading legislation, politicians of all parties must show leadership in committing to implementing the necessary policies. The targets must not be changed, nor the method of calculation. We particularly need faster, further action from the public sector to lead by example. We, with SCCS, called for the Second Report on Policies and Proposals (RPP2 – the only blueprint for how Scotland will achieve its climate targets) to include a **new policy to train senior managers, local councillors and other relevant public sector staff to understand the business case for action** to reduce emissions.

The Public Sector Climate Leaders Forum<sup>26</sup> could play a part in this and we applaud them looking at making reporting on the public bodies duties mandatory. As their minutes noted, the value of a mandatory approach would be

<sup>19</sup> [www.unison-scotland.org.uk/water/](http://www.unison-scotland.org.uk/water/)

<sup>20</sup> [www.unison-scotland.org.uk/briefings/b016\\_PolicyBrief\\_PPPPFInScotland\\_December11.pdf](http://www.unison-scotland.org.uk/briefings/b016_PolicyBrief_PPPPFInScotland_December11.pdf)

<sup>21</sup> [www.unison-scotland.org.uk/news/2007/septoct/0210.htm](http://www.unison-scotland.org.uk/news/2007/septoct/0210.htm)

<sup>22</sup> [www.ft.com/cms/s/0/cc4f10b2-4951-11e4-8d68-00144feab7de.html#axzz3HXgbATUN](http://www.ft.com/cms/s/0/cc4f10b2-4951-11e4-8d68-00144feab7de.html#axzz3HXgbATUN)

<sup>23</sup> <http://unisondave.blogspot.co.uk/2014/08/how-councils-can-improve-our-energy.html>

<sup>24</sup> [www.unison-scotland.org.uk/housing/index.html](http://www.unison-scotland.org.uk/housing/index.html)

<sup>25</sup> [www.unison-scotland.org.uk/housing/FundingAndBuildingTheHomesScotlandNeeds\\_Mar2013.pdf](http://www.unison-scotland.org.uk/housing/FundingAndBuildingTheHomesScotlandNeeds_Mar2013.pdf)

<sup>26</sup> [www.scotland.gov.uk/Topics/Environment/climatechange/howyoucanhelp/publicbodies/pscag](http://www.scotland.gov.uk/Topics/Environment/climatechange/howyoucanhelp/publicbodies/pscag)

to put climate change action beyond short term political cycles.<sup>27</sup> Importantly, across Scotland's public services, we should be encouraging green workplace agreements, negotiated with the recognised trade unions, including effective travel to work plans.<sup>28</sup>

We do not believe that current investment levels are appropriate, following three missed targets. As Lord Stern and many others have demonstrated, it costs less to act sooner than to delay and deal with the growing impacts of climate change. This Committee should be examining closely all areas of spending within its portfolio and asking what more can be done, including on making links with preventative spending and with gains to health, for example, from spend on active travel and gains in cutting fuel poverty through spending on energy efficiency.

With SCCS, while welcoming Scottish Government efforts announced in June as a good first step to addressing the most recent missed target, we said the RPP2 proposals should be turned into policies and fully funded if we are to have a hope of meeting all future targets<sup>29</sup>. SCCS members want to see dates for turning proposals into concrete policies brought forward, further action on top of that to be sure targets will be met, and sufficient information to enable reading across with confidence from the Draft/Final Budget to RPP2 to check progress/shortfall on delivery of the necessary policies.

The transport sector, as is widely recognised, needs to make a far greater contribution, increasing to 10%, yet in the Draft Budget, active travel spending appears to be cut<sup>30</sup>, despite the overall transport budget increasing. One example is that 'cycling, walking and safer routes grants' to local authorities are cut from £8.2m to £8m. Surely this should be considerably increased?

Finally, with SCCS, we support significantly increasing funding for fuel poverty and home energy efficiency programmes to total at least £125m in 2015-16

### **Conclusion**

Over five years, austerity measures have seen the Scottish budget hit with an around 10% real terms fall, with public service workers forced to take a massive cumulative pay cut. We ask the Committee to oppose austerity and propose ways to fund a fairer Scotland, endorsing the proposals we make above, but in particular using every way possible to extend the Living Wage to all staff working on public service contracts.

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<sup>27</sup> [www.scotland.gov.uk/Resource/0045/00454625.pdf](http://www.scotland.gov.uk/Resource/0045/00454625.pdf)

<sup>28</sup> [www.tuc.org.uk/sites/default/files/The\\_Union\\_Effect\\_Greening\\_The\\_Workplace\\_Covers\\_2014\\_All.pdf](http://www.tuc.org.uk/sites/default/files/The_Union_Effect_Greening_The_Workplace_Covers_2014_All.pdf)

<sup>29</sup> [www.stopclimatechaos.org/sites/default/files/SCCS%20Written%20evidence%20on%20RPP2\\_LGR-final\\_0.pdf](http://www.stopclimatechaos.org/sites/default/files/SCCS%20Written%20evidence%20on%20RPP2_LGR-final_0.pdf)

<sup>30</sup> [www.spokes.org.uk/wordpress/2014/10/budget-confusion-yet-again/](http://www.spokes.org.uk/wordpress/2014/10/budget-confusion-yet-again/)