



To: Derek Mackay MSP,
Cabinet Secretary for Finance, the Economy & Fair Work

From: SJC Trade Union Joint Secretaries

Date: 28th June 2018

Subject: COSLA Pay Offer

- Sent by e-mail -

Dear Derek,

We write further to our meeting with you on 26th June 2018, regarding the COSLA pay offer for local government workers.

Thank you for meeting with us - we appreciated the opportunity to talk with you again about the concerns our members have with local government funding and the consequential impact on this year's pay negotiations with COSLA.

There were a number of issues raised during our discussion that we thought would be useful to follow up with you:

Funding of local government

You will be aware from our previous correspondence and our discussions that we remain concerned about the level of funding provided to local authorities by your government.

You have said to us repeatedly that COSLA have had a real terms increase in funding this financial year. We understand that COSLA have queried your contention that the local government settlement 2018/19 represents a real-terms increase of 1.1%.

We understand that COSLA largely has a flat cash settlement because the additional funding referred to by you relates to specific commitments and are therefore not available resources. These include:

- £52.2m Early Learning and Childcare expansion to 1140 hours which the Government committed to fully funding
- £11m Early Learning and Childcare expansion to 600 hours which was committed by Government in the Act for 2018/19
- £66m for health and social care which includes additional requirements such as; Living Wage and Carers Act etc
- £24m for the 2017/18 Teachers pay deal
- £10.5m Orkney and Shetland Ferries

These ring-fenced monies equate to £164m – that is a large proportion of their settlement which is fixed and which COSLA cannot use to increase the pay offer made to local government workers.

We also drew your attention to the recent SPICE report into local government funding - <https://sp-bpr-en-prod-cdnep.azureedge.net/published/2018/5/21/Local-Government-Finance-facts-and-figures-2013-14-to-2018-19/SB%2018-34.pdf>. What this report shows is that:

- In real terms, whilst both the Revenue and Total settlements for local government rose in 2014-15 and 2015-16, they fell sharply over the next two years.
- **Between 2013-14 and 2017-18 there was a 7.1% fall (-£744.7m) in the local government Revenue settlement in real terms (2018-19 prices).**
- Local Government Finance Order figures suggest that there will be a 0.3% real terms increase (£28.7m) in the local government Revenue settlement between 2017-18 and 2018-19 **however** as we already know, and outlined above, £164m of COSLA's settlement is already ring fenced.
- In real terms, between 2013-14 and 2017-18, the local government Revenue settlement decreased at a much faster rate (-7.1% or -£744.7m) than the Scottish Government Revenue budget (including NDRI) (-1.8% or -£547.3m).
- In real terms, the local government Revenue settlement as a proportion of the Scottish Government Revenue budget decreased by 1.9 percentage points between 2013-14 and 2017-18.

The facts speak for themselves – local government funding has declined rapidly over the past years, at a much faster pace than the rate of the Scottish Government's revenue budget decline and that local government now forms a much smaller proportion of the Scottish Government's spending.

These facts are shocking enough but, as we pointed out at our meeting, they are unjustifiable at a time when you are reporting an under-spend in the Government budget of some £453m. We understand that as a result of this under-spend you intend to put £66m into Government reserves. Whilst we appreciate the need for Governments to ensure they have sufficient reserves we did challenge you in our discussions about the quantum identified. You did not provide an explanation as to why this figure had to be £66m as opposed to, say, £56m. We would urge you to reconsider this matter.

Impact on services

We discussed the impact that this lack of funding of local government is having on service provision as highlighted by the recent research carried out by UNISON – the full report of which can be seen here: <http://www.unison-scotland.org/2018/06/18/vital-local-services-in-scotland-are-collapsing-say-council-staff-in-unison-survey>

This survey reveals that:

- Almost eight in ten (78%) council workers have no confidence in the future of local services.
- Half (50%) are thinking of leaving their jobs for less stressful work elsewhere.
- 68% say residents don't receive help and support when they need it.
- 51% are not confident vulnerable residents are safe and cared for.
- 82% of respondents admitted these cuts have had a negative impact on their ability to do the job as well as they can.

- Worryingly, over half [57%] of those who responded believe their council no longer delivers quality services.
- 57% that their employer doesn't make the right decisions for the public.
- More than two-thirds (70%) are concerned about the financial situation of their council.
- Council workers identified a lack of front line staff (69%), adult social care (59%), safeguarding children and young people (41%), a lack of housing options (43%) and road repairs (46%) as the biggest challenges facing local authorities in Scotland.
- Three-quarters (74%) of those surveyed said there had been job cuts in their departments and as a result, over half (57%) don't feel secure in their jobs.
- Many spoke of colleagues leaving and not being replaced, causing those remaining to pick up the extra work.
- 52% said their workload is unmanageable and another 57% that they regularly work beyond their contracted hours.

Council staff who took part shared stories of overcrowded families living in mouldy properties, fly-tipping being left for weeks, increasing rodent populations, residents' cars damaged by huge potholes, and vulnerable children, young people and adults not getting the help and support they need.

This demonstrates a real crisis in local government which cries out for additional funding.

Public Sector Pay Policy

We spoke again about the 1.4% GDP deflator figure stated in your public sector pay policy. Whilst we understand this is another measure of inflation our point is that basing your public sector pay policy on this measure, when inflation is currently running at double that, underestimates the cost of implementing your pay policy by about half.

Parity Across The Local Government Bargaining Groups

Our understanding is that you remain in discussion with Teachers and their representatives on their pay offer. You have previously indicated that you are 'mindful' of the Deputy First Minister's priorities with regards to the Government's Education agenda. In our meeting you did not rule out an improved pay offer for Teachers this year.

We need to be clear that if Teachers receive an improved pay offer so must other local authority workers covered by the Scottish Joint Council.

Hiding behind bargaining machinery to justify additional funding for one group whilst the workers we represent continue to get less, for a second year running, will not wash with our members.

None of our members dispute the value of a good quality education, indeed many of them contribute to delivering just that in their roles as classroom assistants, janitors and early years workers (to name but a few). Education is delivered by one team, who all deserve fair pay.

You will appreciate that our members, who deliver a valuable public service to communities up and down the country, simply want to ensure that they are treated equitably with other hard working public servants and so again we must press you on the issue of parity across the local government bargaining groups.

Consolidation of the Living Wage

We have discussed before and must highlight again that, despite an agreement with us to do so and your statement to us that it must be done, COSLA have not yet consolidated the living wage for our lowest paid members.

We know that the living wage has been consolidated in the NHS for some time now and would ask again why local government seems to lag behind in the protection of our most vulnerable workers.

Next Steps

We hope that you will be able to come back to us on these issues and thank you for your agreement to a further meeting, this time with COSLA.

We look forward to meeting again and look forward to hearing from you.

Kind Regards,

Johanna Baxter
SJC Joint Secretary
UNISON

Willie McGonigle
SJC Joint Secretary
UNITE

Drew Duffy
SJC Joint Secretary
GMB