

Key Workers, Key Services – the Key to Recovery

Public sector workers have carried Scotland successfully through the Covid-19 pandemic. Public sector services, especially those delivered through local government, are vital to Scotland's resilience at a time of crisis. They are also the key to Scotland's recovery. The STUC calls for significant investment in public services and pay rises for public sector workers.

Crisis within a Crisis

As the COVID-19 pandemic rolled into 2021 Scotland faced a continuing health crisis and an escalating economic crisis. However, the cracks in our society already existed before the pandemic hit as it further exposed the intersectional inequalities in our society where bad housing, ill health, in work poverty, drug and alcohol misuse, poor educational outcomes and job insecurity can be mapped and overlaid by post code and street.

It is testament to the skills, dedication and commitment of public service workers in local and national government, education, health, social care, emergency services, transport and utilities that Scotland's communities and infrastructure were protected and supported through the last twenty months.

Recovery in sight?

The successful vaccination programme along with the lifting of some restrictions has boosted economic activity. While forecasters differ on the specific timings, there is general agreement that Scotland's economic output will return to pre-pandemic levels earlier than originally forecast and likely to be in Q2 2022.

However, the recovery remains very fragile and uneven. Additional monies in the block grant for COVID recovery must benefit those who need it most. Additional support for business must be targeted at those who are creating and sustaining good jobs.

We welcome the Government's commitment to double the Scottish Child Payment, however the economic reality for workers and their families is of

- Soaring food prices, petrol still increasing month on month, increased demand for and cost of housing
- Ofgem predicting half of all households will see a 12% rise in energy prices before the end of 2021¹
- a sharp increase this month in RPI to 6% in October 2021 and CPI rising to 4.2%.²

Invest in Pay and Services

While public sector workers received praise from politicians and selected sectors were given a £500 'thank you' payment, workers have given their all and received little or nothing back. They are overworked, exhausted and getting organised.

¹ <https://www.moneysupermarket.com/gas-and-electricity/energy-price-cap/>

² <https://www.ons.gov.uk/economy/inflationandpriceindices>

Scottish Government and local authorities are facing a number of industrial disputes if pay continues to fall compared to the cost of living.

Building on the STUC's People's Recovery³ we believe this budget plays a key role in Scotland's recovery providing a chance to address structural inequality and deliver Fair Work.

Historical underfunding combined with single year budgets has resulted in loss and closure of essential services and is further compounded by lost income to local authorities during 2020/21 of over £440m⁴

Increased spending by the UK Government and changes to business rates in England have resulted in a 2.4% increase in the Scottish block grant to £41.8 billion, excluding additional Covid funding, by the end of the three year funding period.⁵ We believe this increase in funding provides a key opportunity for Scottish Government to back local authorities, invest in essential services and increase public sector pay to aid economic recovery.

The Budget must meet the aspirations of workers in the public sector by ensuring pay restoration is achieved and above inflation pay rises are funded.

Local authorities should be empowered to target spending as needed without ring fenced funding restrictions.

Economic Transformation

As Scottish Government develops longer term plans for economic transformation to support sustainable and inclusive growth, this Budget can embed these principles now

³ <https://stuc.org.uk/files/Policy/Research-papers/peoples-recovery-full.pdf>

⁴

https://www.cosla.gov.uk/__data/assets/pdf_file/0025/28807/COSLA-Live-Well-Locally-Budget-Lobby-22-23.pdf

by addressing discrepancies in taxation and introducing progressive taxation policies.

A Budget for Recovery

- A local government settlement in line with COSLA's call for at least £1 billion increase in funding.
- Above inflation pay rise for all public service workers
- Councils should not be restricted from raising their own income and an end to the freeze on council tax as the current freeze benefits those on higher incomes
- Any extension to business rates relief or other support for business should be targeted at those creating and sustaining employment in line with Scottish Government's Fair Work First principles.
- Abandon the five-year commitment to freeze income taxes. Tax the better off to fund services, a review of tax bands and evaluation of options for a Scottish wealth tax including a local inheritance tax

Delivering post COP26

The first Scottish Budget following COP26 must show Scottish Government's commitment to a Just Transition and to achieving Net Zero. This Budget should fund local authorities to retrofit homes and invest in public transport networks to address the climate crisis and build towards a safe future.

All available capital borrowing should be utilised to invest in a green recovery and support the Scottish National Investment Bank in a wider role of investing in public enterprises.

⁵ <https://fraserofallander.org/uk-autumn-budget-2021-implications-for-scottish-budget-2022-23/>