

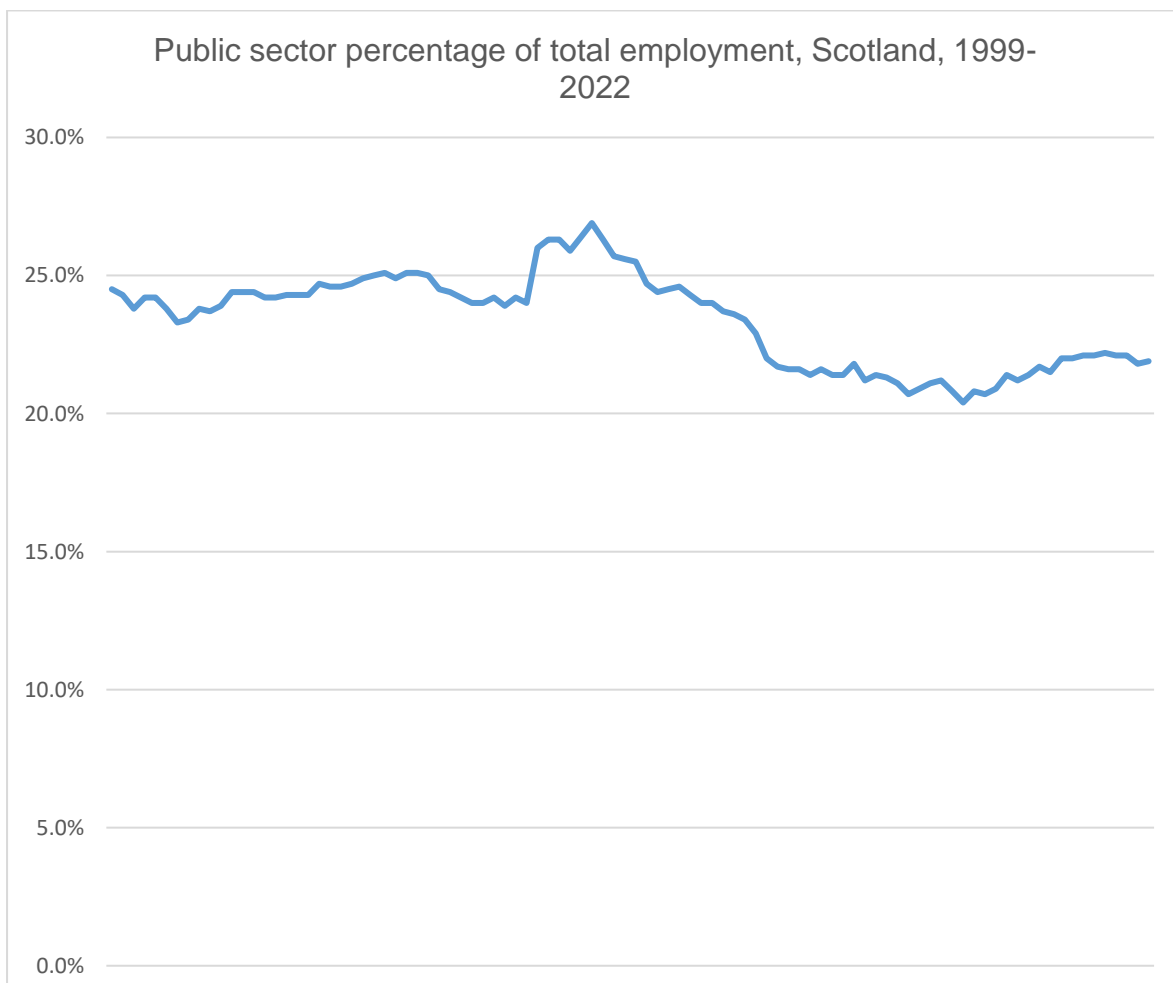
STUC submission to Finance Committee's Inquiry into the Scottish Government's Public Service Reform programme

Please tell us how you think the Scottish Government's public service reform programme is working in practice and how its aims of delivering effective and efficient public services are being met.

The STUC is deeply concerned that in order to 'reset' the public sector to pre-pandemic levels, the Scottish Government's 2022 Spending Review proposed cutting 30,000 public sector workers. Our analysis suggests that the 30,000 public sector workers recruited during the pandemic was made up of: 13,300 NHS workers, 8,000 local government workers, 5,000 railway workers, and 3,700 civil servants (mainly delivering newly devolved social security powers).¹

After more than a decade of UK Government spending cuts, cutting public services further will have catastrophic consequences for Scotland's communities.

To highlight the unsustainable nature of the proposed cuts to public sector employment, we need only look at the size of the Scottish public sector workforce since devolution, highlighted by the table below. Cutting the workforce to 'pre-pandemic levels' would pin the size of the public sector workforce to historically low levels.

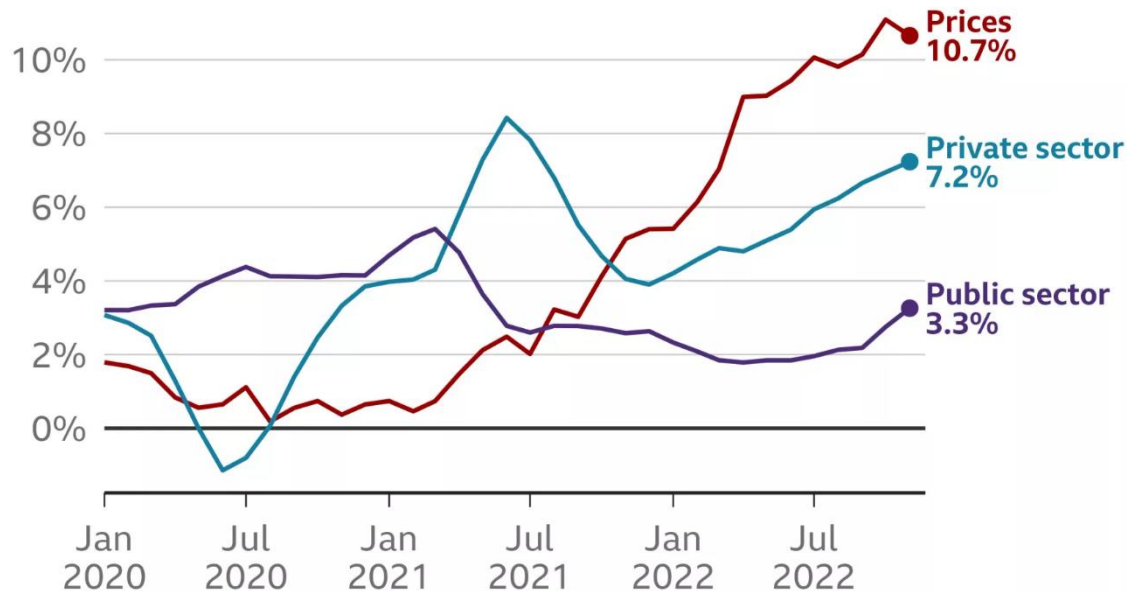


STUC analysis based on Scottish Government Public Sector Employment statistics

In addition, public sector pay growth is not only falling behind inflation, but also falling behind private sector pay growth.

Pay is not keeping up with inflation

Annual wage and price growth, Jan 2020 to Nov 2022



Source: Office for National Statistics



As well as impacting on the cost of living, this is leading to serious recruitment issues in crucial public services. In this context, the Scottish Government's Public Sector Pay Strategy, which proposes a 3.5% pay rise, is not remotely sustainable.

These cuts to the workforce and to pay, are not inevitable, they are a political choice.

Rather than cutting public services the Scottish Government should be raising revenue, including through new income and wealth taxes, to sustain public services. STUC research shows that the Scottish Government could raise more than £3 billion through a package of short and long-term tax measures.ⁱⁱ

The Committee would also be interested to hear about any examples of good practice where public service reform programmes have worked well in other countries and any lessons that can be learned.

By international standards Scotland and the UK have relatively small public sector workforces. This is particularly true compared to Scandinavian countries which have significantly larger public sector workforces, and fare better on a range of social, economic and environmental metrics. It is also worth noting that Scotland and the UK have relatively small local government workforces, again in contrast with Scandinavian countries.

While the STUC is not opposed to reform to improve public services, reform should have an aim of strengthening public services rather than trying to 'do more with less'. Genuine reform, rather than reform which is often code for cuts, is best undertaken in conjunction with workers and their trade unions alongside increased investment in both overall size and the remuneration of the frontline workforce.

The STUC would also highlight principles of worker empowerment and subsidiarity, rather than the somewhat concerning statement contained in the Spending Review:

“This spending review invites all public sector leaders to consider the scope for innovation that embraces entrepreneurship, improves value for money, offers opportunities for commercialisation, better manages assets and brings benefit to the public purse.”

Statements such as this are particularly concerning given that in the same document, the Spending Review states: “continued growth of the public sector away from frontline services is not sustainable”. Encouraging public sector leaders to embrace entrepreneurship and opportunities for commercialisation is actively encouraging growth away from frontline services.

We would also note concern that reform of the public sector estate may run in contradiction to the Scottish Government’s community wealth building aspirations which are about maximising existing assets of anchor institutions, including through insourcing, rather than outsourcing assets to multinational companies.

For further information contact:

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ⁱ STUC analysis based on Scottish Government ‘Public Sector Employment in Scotland’ statistics <https://www.gov.scot/collections/public-sector-employment-statistics/>

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https://stuc.org.uk/files/Reports/Scotland_Demands_Better_Fairer_Taxes_for_a_Fairer_Future.pdf