



Radical Options for Scotland and Europe

For public ownership and democratic control

Briefing 59 June 2023

Scottish Government: More Cuts to Come ***'Medium Term Financial Strategy' 2023***

published 23 May 2023:

<https://www.gov.scot/policies/government-finance/latest/#>

This was presented to the Scottish Parliament on 23 May. It outlines the Scottish government's understanding of the financial constraints that will determine its budget decisions over the next period and hence how it will handle public sector expenditure including that for local government.

It outlines three scenarios:

- 1. 2 percent pay increase for 2023/24 and 1 percent in 2024-25 and a 0.3 percent growth in the workforce**
- 2. 3.5 percent pay increase for 2023/24 and 2 percent for 24/25 and 1.1 percent growth in the workforce**
- 3. 5 percent pay increase for 2023/24 and 3 percent for 24/25 and a 2.2 percent growth in the workforce.**

It notes that the option eventually adopted, one, two or three, will largely depend on final figures for the Scottish income tax revenue over the past financial year 2021/2022 as released in July 2023. Current estimates by the Fraser of Allander Institute are that tax revenue will fall short of previous projections by £712m. Commentators also note that these estimates do NOT include additional costs likely to be incurred in implementing current proposals for the new National Care Service or for Child Care.

On the face of it, therefore, another bout of severe cuts can be expected - depending in part also on the continuing severity of inflation. The STUC has called for a new higher income tax band for incomes over £75,000 which it estimates could yield over £700m a year. Council Tax reform has also been suggested - with significantly higher rates tax on larger properties. However, neither of these proposals are likely to be adopted in the near future. It should be further noted that the proposed limits on workforce growth, together with likely below inflation wage settlements, will make it almost impossible to meet the drastic understaffing currently experienced in the NHS and a number of other vital services.

Independent report on Post-school Education

Fit for the Future: Development of a Post-School Learning System to Fuel Economic Transformation

<https://www.gov.scot/publications/fit-future-developing-post-school-learning-system-fuel-economic-transformation/pages/2/>

This independent report from James Withers commissioned by the Scottish government was published on 7 June and makes far-reaching proposals. It condemns the existing systems of post-school education – extending from apprenticeships to vocationally relevant degrees – as fragmented and in some cases too dominated by, and dependent on, employers. It calls for a new integrated system of provision but one that is also locally based and reflects regional needs in terms of employment and potential social development. It represents an important area of engagement for local Trades Union Councils and also for all education unions – to ensure that it meets its objectives, is not subordinated to employer interests, reflects the needs of local communities and maintains this crucial area of provision under public control (there are already a number of private providers in the field).

‘Atlantic Declaration’

between US and British governments 9 June

The grand title conceals the failure of Sunak’s efforts to initiate a free trade deal with the US in face of the increasingly protectionist policies of the Biden administration. The Declaration includes a commitment to a joint resistance to Chinese trade domination, a linked enhancement of defence industries and a data protection deal.

EU Parliament in conflict with EU Commission and EU Council over how to ensure the corporate sector meets public goals on the environment, global value chains and human rights

The draft Directive ‘European Corporate Sustainability Due Diligence Directive’ is currently before the European Parliament. It places an obligation on corporate managements to observe EU goals on the environment, global value chains and human rights. The EU Commission and the EU Council (of member governments) are opposing amendments tabled in the EU Parliament to extend the obligation to investors – specifically hedge funds and fund managers, such as Black Rock which dominate the boards of most large companies and in total control around €28 trillion investments in EU.

European Union sinks into recession

Figures from Eurostat for May 2023

Area	Inflation	GDP growth Q1 2023	Unemployment	Industrial production
EU	6.1	-0.1	6.5	-4.1
Germany	6.3	-0.3	2.9	-3.1
Spain	2.9	0.5	12.7	1.4
France	6.0	0.2	7.0	-1.1
Italy	8.1	0.6	7.8	-0.6