

Frances O'Grady

Frances became Trade Union Congress (TUC) Deputy General Secretary in January 2003, the first woman ever to hold this post. Frances has lead responsibility for a wide range of key areas of policy development across the TUC's work, including trade union recruitment and organisation, inter-union relations and TUC services to members. She is a member of the Policy Advisory Council of the think-tank, Institute for Public Policy Research (IPPR) and joint Vice Chair of the Learning and Skills Council (LSC) National Council. From March 2006, she was co-chair of the Public Services Forum Learning and Skills Task Group, which reported in March 2009. She served on the Commission on Environmental Markets and Economic Performance in 2007, and has played a leading part in the development of TUC energy and climate change policy. In April 2007 she was appointed to the Low Pay Commission.



Public Service Cuts: All Pain, No Gain

It is no surprise that a crackdown on waste and efficiency in the ‘age of austerity’ should win popular support. But the latest polls show just how fragile that support is when people are asked how they feel about cuts to their own local hospital, school or fire station.

Meanwhile public service workers, employed in both the public and private sectors, are increasingly angry that their pay, pensions and jobs are deemed a price worth paying for a crisis they had no part in creating.

Union leaders will need to reach out to community groups and service users to build on that growing sense of disquiet. And, if successful, the alliance to defend jobs and services is sure to grow.

The TUC is a firm advocate of properly funded, world-class public services delivered by a well-rewarded and respected workforce. Public services are not only the bedrock of middle income as well as low income communities, what used to be called ‘the social wage’, they are also essential to sustain Britain’s recovery from the worst recession in living memory. Business growth depends on public investment in a greener public transport system, good schools and colleges to create a well-educated and trained workforce, and a world-class NHS to keep staff healthy.

So, while it is important to think about how to deliver our public services as efficiently as possible, it is a false economy to cut so deeply and quickly, to demoralise dedicated public servants and cut consumer spending on which private businesses depend. It would also offend a basic principle of justice – that those individuals and institutions who bear most responsibility for the crisis, and who have the deepest pockets, should make the biggest contribution to taking public finances out of the red.

Public services and the economy

As Britain emerges from the recession, continued investment in public services is vital. A TUC-commissioned study by the Association of Public Services Excellence (APSE), shows that for every £1 of public money invested in public services, a further 64p is generated in the local economy, and this multiplier effect makes the public sector a driver of economic growth in local communities.¹

So, wholesale cuts in public spending as set out in the Budget have the potential not only to damage essential public services – and the often vulnerable people and communities that rely on them – they also threaten to de-rail the nascent economic recovery. This is even more the case because so much of the private sector directly

relies on public sector contracts. The ‘public services industry’ accounts for around six per cent of total GDP, and 29% of public sector expenditure goes directly to the private sector. As the TUC has consistently argued, cuts in the public sector will have a damaging impact on both public and private sector employment, not least in the construction industry. The government’s recent decision, for example, to cut the ‘Building Schools for the Future’ programme has resulted in construction employers warning of the loss of hundreds of thousands of skilled construction jobs. Such cuts have no ‘up-side’ – cancelling the building of over 700 new schools hits teachers, parents, pupils, construction workers and local communities.

Putting the workforce at the heart of reform

But arguing that slash and burn cuts are not the way forward does not mean that public services should be preserved in aspic, never to re-invent themselves to meet the changing demands of a more diverse, ageing population, or issues ranging from the emergence of new family models to rising mental health problems.

But the TUC argues that staff and their unions must be placed at the heart of public sector reforms. Initiatives such as Drive for Change, and efforts to develop a joint set of principles of good employment practice through the Public Services Forum have demonstrated the value of government, public sector workers and employers working together to improve service delivery.² As Stephen Bevan of the Work Foundation has pointed out, ‘In such a highly unionised environment... [the workforce] can be a source of lucid common sense, innovation and great energy if well led and allowed to influence the way services are organised and delivered.’³

Too often public sector workers have felt that reform is something done to them, rather than something in which they are genuinely engaged. But, as the recent Macleod Review has argued, genuine employee engagement can deliver real benefits to employees and employers alike.⁴

Any government committed to progressive public sector reform needs to be equally committed to engaging service users and staff, so they have a genuine voice in how services are designed and delivered. This also means re-thinking skills and training strategies so that the talent and potential of the whole public service team is deployed in continuous innovation and improvement, including how to meet urgent challenges such as the Carbon Reduction Commitment and equal pay for women.

Speaking up for public services

The threat of growing inequality and stalled social mobility should serve to underline the importance of core public service values and the role of public services in empowering citizens and communities, promoting greater social solidarity and placing limits on the role of markets. Yet pick up a newspaper, or switch on the TV, and you could be forgiven for thinking that all of Britain's economic ills are the direct result of waste and inefficiency in the public sector. Whereas, of course, the real cause of the credit crunch, ensuing recession and deficit, was the implosion of an under-regulated financial service sector.

Those advocating 'savage cuts' tend to be heavy on machismo but light on the facts. For example, while much has been made of the costs of public sector pensions, the fact is that the local government average pension is just £4,000 and half the women on NHS pensions get less than £3,500 a year. And, as far back as 2005, unions and government were working together to agree measures to ensure public sector pensions remained affordable and properly funded. Far from being an example of public sector profligacy and trade union intransigence, most public sector pensions are modest and the approach taken demonstrates the value of mature industrial relations. The TUC hopes that the Independent Public Services Commission, headed by former Labour cabinet minister John Hutton, sees through the hype around public sector pensions provision.

In the face of continuing scandals of non-doms, £26 billion worth of tax avoidance and reports that Royal Bank of Scotland, 84% owned by the taxpayer, will reward executives with a £1.3 billion bonus pot, hard questions should be asked about why public service users and modestly paid public servants should be expected to pick up the tab. Expect to see the emergence of new alliances between public service users and communities, and workers and their unions to challenge that basic injustice.

Next steps

The next few years will help determine the future of our public services for decades to come, and so the quality of the society in which we live and work. Attacking public sector pensions, pay freezes and more privatisation may seem like an easy way to balance the books in the short term, but it carries a heavy longer term price. Hard choices will need to be made. The public sector and its workforce can be used as a political football, with debate about its future reduced to how fast and how deep cuts should be; or, as the TUC argues, the public sector can become a vehicle for greater social equality and help stimulate the economy towards a greener, more sustainable future with the needs of human beings at its heart.

- 1 *Speaking up for Public Services: the vital role of the public sector in and beyond the recession*, TUC, 2009.
- 2 See www.cabinetoffice.gov.uk/workforcematters/psf-fiveyears.aspx.
- 3 Pre-election attacks on public service productivity are lazy, *The Times*, January 8, 2010:/ http://business.timesonline.co.uk/tol/business/industry_sectors/public_sector/article6979928.ece.
- 4 *Engaging for Success: enhancing performance through employee engagement*, David Macleod & Nita Clarke, BIS, July 2009.