

## The People's Plan for Action

*To tackle the cost of living for the people of Scotland, we demand the following:*

- 1. A real pay rise for all public service workers**
- 2. A social security system that loosens the grip of poverty**
- 3. Warm homes, through municipal energy companies**
- 4. Sustained action to tackle rent costs**
- 5. Share the wealth, through income, wealth and business taxes**
- 6. Universal free school meals**
- 7. Cheap, publicly controlled public transport**
- 8. More support for childcare**
- 9. Enforcement of Fair Work**

### *LONG VERSION/BACKGROUND BRIEFING*

## The People's Plan for Action

*To tackle the cost of living for the people of Scotland, and deepening inequality, we demand the following from the Scottish Government –*

- 1. A real pay rise for all public service workers**

Rising inflation only becomes a cost of living crisis when wages and incomes don't rise in line with prices. Unfortunately, inflation is at a record high<sup>i</sup> and wages are stagnant.<sup>ii</sup> This leaves Scotland facing the biggest collapse in household incomes since records began in 1948. The fall in living standards also comes on top of a decade of real term wage cuts. Public sector workers in Scotland have had a real term loss in wages of 15% in the last ten years.

Let's be clear, these aren't high paid workers. 71% of the public sector workforce earns less than £40,000.<sup>iii</sup> In Local Government 55% of employees earn less than £25,000. Women account for 74% of local government employees<sup>iv</sup> and are overrepresented in lower paid positions, so they have been disproportionately impacted by public sector wage freezes. Women's low pay is a key cause of women's poverty, and child poverty.

Rising wages in public services would not only give a large section of workers the protection they need, but have a positive knock-on impact on wages in the private sector, and stimulate bottom up economic growth among low-paid predominantly female workers who spend money and pay taxes locally.

The Scottish Government should commit to pay rises in line with inflation for all public sector workers.

## **2. A social security system that loosens the grip of poverty**

Everyone deserves a life free from poverty with enough income to meet our basic needs and have a dignified and a decent life. Yet poverty rates in Scotland remain stubbornly high with 24% of children in Scotland living in relative poverty.<sup>v</sup> Women, certain Black and minority ethnic communities, disabled people, unpaid carers, single parents and other marginalised groups have less access to adequate incomes, with those facing multiple discrimination at even greater risk of financial precarity. Our social security system can play a key role in loosening the grip of poverty on people's lives, and we must take action to ensure that it does.

The Scottish Government must ensure that the Scottish social security system protects people from poverty and meets peoples' needs. First, short-term steps towards this must include:

- Increasing the Scottish Child Payment to £40 per week per child and doubling the bridging payments for eligible school aged children.
- Ensuring that all those affected by the benefit cap have this mitigated fully.
- Mitigate the impact of the two-child limit using the Scottish Child Payment to support families impacted.
- Doubling the forthcoming instalments of the Carer's Allowance Supplement<sup>vi</sup> and providing targeted funds for young carers.
- Mitigate the young parent penalty in Universal Credit.

We also want to see action on student poverty. Even before this crisis, student support didn't meet the cost-of-living – far too many students were already living in poverty, homeless or at risk of dropping out. We want to see an

increase in grants and bursaries this year, as a first step towards year-round financial support at the level of the real Living Wage.

Unexpected financial shocks can pull people into poverty and the Scottish Welfare Fund has a key role to play in helping households stay afloat in times of unexpected circumstances. In order to ensure that this fund works for people efficiently:

- Deliver an immediate boost of 50% or £17.75m to the Scottish Welfare Fund, along with additional funding to enhance administrative capacity and improved promotion of the Fund, to provide local authorities with greater discretion to support households facing extreme financial duress and who have not been able to get support from elsewhere
- Include Carer's Allowance as a qualifying benefit for the Scottish Welfare Fund and create a dedicated strand to support unpaid carers who are not on income replacement benefits.
- Ensure that applications are fast, fair and efficiently funded to give people access to the cash they need, when they need it.
- Through the Scottish Welfare Fund, allow for awards to be used more widely to support people through the 5-week wait for their first Universal Credit payment.

### **3. Warm homes, through municipal energy companies**

It is estimated that massive increases in energy bills will create an additional 210,000 fuel poor households in Scotland. Disabled people, unpaid carers and older people are amongst those with highest energy needs, and lone parent households are set to experience the steepest hikes per proportion of disposable income.<sup>vii</sup> Women are the majority across all of these groups, at the sharpest end of rising fuel insecurity.

While resolutions to the immediate energy cost crisis can be tackled by a range of interventions by the UK Government including significant windfall taxes on energy companies, Scotland has some of the most sub-standard housing in Europe. £1 in every £4 spent on heating our homes leaks out again.<sup>viii</sup> The majority of tenants live in energy failing homes (EPC D or lower).<sup>ix</sup> At the same time, 81% of homes in Scotland rely on gas for heating with prices set in international markets driving costs up.

Retrofitting our homes and shifting to greener heating systems could create tens of thousands of jobs across Scotland, reduce fuel poverty and the consequent health impacts felt hardest by vulnerable people while reducing our reliance on volatile fossil fuels.<sup>x</sup>

The Scottish Government should provide funding to Local Authorities to establish Municipal Energy Companies which would develop, own and deliver low carbon heat and energy efficiency infrastructure at local or regional level and deliver area-based programmes, prioritising areas with the most vulnerable/low income/fuel poverty households.

#### **4. Sustained action to tackle rent costs**

Across Scotland, rents are unaffordable. For example, between 2011 and 2021, private rents increased in Greater Glasgow by a staggering 41.4%, when between 2014 and 2020 social rents increased by over 20%. Student rents have also increased by 34% over the last three years. Consequently, many tenants are spending more and more of their income on rent - particularly if they are women, disabled, or from BAME communities (or at the intersection of these). Additionally, large numbers of tenants live in poor quality, energy inefficient properties - 60% of private properties have an energy efficiency rating of D or below. Tenants in both the private and socially rented sectors are being priced out of their communities, unable to afford to heat or even remain living in their homes with these extortionate prices.

To combat this, we need to see a clear plan for action such as a points based system of rent controls as advocated by Living Rent, that actively brings rents down.

Whilst the recent rent freeze is a welcome announcement, we need a clear plan for how tenants will be protected from now until the implementation of rent controls in 2025 - such as a rent freeze extension until rent controls come in, a permanent change to rent adjudication processes and greater protections from evictions, notably in the winter - with the current ban extended till rent controls are implemented.

#### **5. Share the wealth, through income, wealth and business taxes**

The ten wealthiest people in Scotland have a combined fortune of more than £23 billion and are getting richer. Scotland's richest individual, Anders Povlsen,

has increased his wealth by £1.8 billion since the start of the pandemic.<sup>xi</sup> We are now in a situation where Scotland's two richest families have as much wealth as the poorest 20% of our whole population.<sup>xii</sup>

While the Scottish Government initially used the devolution of the Scottish rate of income tax somewhat progressively, more recently the Scottish Government has said it will not to raise income tax on the better off for the next four years. The Scottish Government must abandon this commitment. It must also explore new local wealth taxes, potentially modelled on Switzerland's local net wealth tax.<sup>xiii</sup>

Company profits in the UK jumped 11.74% in the six months from October 2021 to March 2022. In the same period labour costs fell by 0.8%, accounting for inflation.<sup>xiv</sup> To prevent business profiteering, the Scottish Government must review the small business bonus scheme and link business rates to Fair Work. It cannot be right that we offer significant tax discounts to large multinationals who refuse to pay the real Living Wage or recognise unions.

The Scottish Government should also support greater discretion for local government to introduce taxes to meet local circumstances and needs, including through tourism, environmental, and fair work taxes.<sup>xv</sup> And it should replace or reform council tax, through a revaluation and an increase in the number of bands at a minimum.

## **6. Universal free school meals**

Whilst there has been recent progress on Free School Meal policy in Scotland, including a commitment from the Scottish Government to expand Universal Free School Meals to all primary pupils, this has yet to be delivered and does not stretch far enough.

All young people, including secondary school pupils in Scotland, should benefit from universal free school meal expansion. This would not only help to combat hunger but would tackle the stigma and shame associated with the provision of meals on a means tested basis and fuel young people's ability to learn in the classroom. The stress associated with making household budgets stretch to meet children's needs falls disproportionately to women. Universal free school meals will therefore alleviate some of the negative health and wellbeing impacts currently experienced by women in their role as "poverty managers" in the home.

Hunger and poverty-related stigma and shame knows no-age boundaries and neither should free school meals.

## **7. Cheaper, publicly controlled public transport**

Our public transport system is – for too many people, particularly people on low incomes – unaffordable, inaccessible, and unreliable. People who own a car are predominantly in higher income brackets, with buses and trains the main transport option for those on lower incomes, particularly women, elderly and disabled people. More than a quarter of Scotland’s households don’t have access to a car,<sup>xvi</sup> yet bus fares have risen 160% since 1995. Even when inflation is accounted for, fares have risen by 58% since 1995.<sup>xvii</sup> Not surprisingly, the number of passenger journeys taken every year has slumped. The only company to buck these trends was Lothian Buses, which is publicly owned by local councils.

Despite fares rising and passenger use falling, the bus industry received £326 million in funding from local or central government in 2019-20. 10% of public subsidy is estimated to leak out of the industry in dividends to private company shareholders.<sup>xviii</sup>

The current system allows private bus companies to cut routes and raise fares, with no regard for the communities that rely on them. As a result, people across our communities are being locked out of the jobs, training, education, services and social connections that they need. This is a highly gendered problem - issues around the routing, accessibility, affordability and safety of public transport have a huge impact on women’s economic wellbeing, as carers and as low-paid, part-time workers.<sup>xix</sup> We need our regional transport authorities to take back control of our buses through re-regulation – so that they can set routes, timetables and fares to meet our needs; and we need the Scottish Government to fund our regional transport authorities to establish new municipal bus services which can re-invest profits back into improving services and cutting fares in each region.

The Scottish Government’s decision to take ScotRail into public ownership from April 2022 is extremely welcome. Yet proposals to cut train services, close ticket offices and reduce investment in rail infrastructure risks putting off passengers at the very moment we need to encourage people out of their cars

and onto our trains due to climate change. The Scottish Government needs to change course and invest in rail.

## **8. More support for childcare**

The cost of childcare has grown much faster than general inflation over the past decade. At a UK level, one in three parents with pre-school children spend more than a third of their pay on childcare. Proportional costs for lone parents (91% of whom are women) and parents of disabled children are greater yet.

While the Scottish Government's introduction of 1140 hours of funded childcare for children over the age of three and policies such as the Scottish Child Payment have helped reduce the cost of bringing up a child relative to England,<sup>xx</sup> families in Scotland still face childcare costs worth more than £5,000 a year.<sup>xxi</sup>

The lack of affordable and flexible childcare specifically reinforces women's social, economic and labour market inequality because it continues to be women who do the bulk of unpaid childcare. The unequal distribution of caring responsibilities remains a key cause of the gender pay gap and women's higher rates of poverty. The delivery of the 1140 hours is often insufficiently flexible to meet women's needs. There is also a lack of affordable provision for those who work atypical hours or families who require out of school childcare. Nor does the 1140 hours of funded childcare apply to many children aged two and under. As a result, the reality of women's lives as primary caregivers and single parents continues to shape the way they engage with education and the labour market. There are also issues with large privately owned nurseries reliance on private equity, which threatens the provision of nursery places.<sup>xxii</sup>

The Scottish Government should increase funded childcare hours, providing families who need or want it with 50 hours a week of accessible, flexible and high-quality childcare. This would align with the Scottish Government's response to the First Minister's National Advisory Council on Women and Girls report 2018.<sup>xxiii</sup> The Scottish Government should also support not-for-profit, public and voluntary providers.

## **9. Enforcement of Fair Work**

As well as low-pay, Scotland has a chronic issue of precarious work. 74,000 employees are on zero hour contracts,<sup>xxiv</sup> 108,000 are in temporary work

(29,000 of whom because they can't find a permanent job), and 146,000 are estimated to be low-paid self-employed.<sup>xxv</sup> The majority of those in temporary work or on zero hours contracts are women.<sup>xxvi</sup> Disabled people, Black and minority ethnic people, people with insecure immigration status, unpaid carers and other marginalised groups on low incomes are likely to be overrepresented in these categories.

Based on these figures, the STUC estimate 10% of Scotland's workforce are in insecure work.

While the Scottish Government's Fair Work agenda stands in sharp contrast with the UK Government's approach to worker's rights, many of the businesses that are responsible for the continuation of precarious work, still benefit from Scottish Government financial support.

The Scottish Government should toughen up its approach to Fair Work by only providing government funds – through procurement, contracting and commissioning – to employers that recognise trade unions in their workplace, apply union negotiated rates of pay and give workplace access to trade unions.

On top of this, there is a need monitor, review, evaluate, and enforce the extent to which the Scottish Government's Fair Work First approach is being applied by its public agencies, potentially through the creation of a of a Fair Work enforcement unit.

**For further information contact:**

Francis Stuart, STUC, Policy Officer, [fstuart@stuc.org.uk](mailto:fstuart@stuc.org.uk)

Ashley McLean, Poverty Alliance, Policy Officer,  
[ashley.mcLean@povertyalliance.org](mailto:ashley.mcLean@povertyalliance.org)



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- <sup>i</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices>
- <sup>ii</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted>
- <sup>iii</sup> The majority who earn over this threshold are teachers at the top of their band. See <https://www.gov.scot/publications/public-sector-employment-scotland-statistics-4th-quarter-2021/pages/4/>
- <sup>iv</sup> <https://www.gov.scot/publications/public-sector-employment-statistics-web-tables/> (Table 9)
- <sup>v</sup> <https://data.gov.scot/poverty/2021/>
- <sup>vi</sup> As with June 2020 and December 2021 payments of Carers Allowance Supplement
- <sup>vii</sup> <https://www.jrf.org.uk/press/rising-energy-bills-%E2%80%98devastate%E2%80%99-poorest-families-adding-harmful-legacy-millions-children>
- <sup>viii</sup> [https://stuc.org.uk/files/campaigns/Homes/Our-Homes\\_briefing.pdf](https://stuc.org.uk/files/campaigns/Homes/Our-Homes_briefing.pdf)
- <sup>ix</sup> <https://www.scottishhousingnews.com/articles/living-rent-calls-for-emergency-protections-as-rent-skyrockets-and-msps-debate-rent-freeze>
- <sup>x</sup> See section 3 on buildings: [https://stuc.org.uk/files/Policy/STUC\\_Green\\_Jobs.pdf](https://stuc.org.uk/files/Policy/STUC_Green_Jobs.pdf)
- <sup>xi</sup> Analysis of Sunday Times Rich List (2021 and 2022)
- <sup>xii</sup> <https://stuc.org.uk/files/Policy/Research-papers/peoples-recovery-full.pdf>
- <sup>xiii</sup> Professor David Byrne Ph.D., FAcSS to Consultation on Scotland's first Framework for Tax and tax policy in relation to the Scottish Budget 2022-23
- <sup>xiv</sup> <https://www.unitetheunion.org/news-events/news/2022/june/new-unite-investigation-exposes-how-corporate-profiteering-is-driving-inflation-not-workers-wages/>
- <sup>xv</sup> <https://www.ippr.org/research/publications/thinking-bigger-on-tax-in-scotland>
- <sup>xvi</sup> [https://stuc.org.uk/files/campaigns/Buses/Our-Buses\\_briefing.pdf](https://stuc.org.uk/files/campaigns/Buses/Our-Buses_briefing.pdf)
- <sup>xvii</sup> <https://www.getglasgowmoving.org/media/press-release-scotland-wide-campaign-for-better-buses-launched/>
- <sup>xviii</sup> [https://www.transportforqualityoflife.com/u/files/160120\\_Building\\_a\\_world-class\\_bus\\_system\\_for\\_Britain\\_FINAL1.pdf](https://www.transportforqualityoflife.com/u/files/160120_Building_a_world-class_bus_system_for_Britain_FINAL1.pdf)
- <sup>xix</sup> <https://www.engender.org.uk/content/publications/Engender-response-to-the-Scottish-Government-consultation-on-Scotlands-National-Transport-Strategy.pdf>
- <sup>xx</sup> <https://cpag.org.uk/policy-and-campaigns/report/cost-child-scotland-2022>
- <sup>xxi</sup> [https://www.coram.org.uk/sites/default/files/resource\\_files/Coram%20Childcare%20Survey%20-%202022.pdf](https://www.coram.org.uk/sites/default/files/resource_files/Coram%20Childcare%20Survey%20-%202022.pdf)
- <sup>xxii</sup> <https://www.ucl.ac.uk/news/2022/jan/nursery-sector-risks-being-damaged-large-corporate-takeovers>
- <sup>xxiii</sup> <https://www.gov.scot/publications/scottish-governments-response-national-advisory-council-women-girls/>
- <sup>xxiv</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>
- <sup>xxv</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforscotlandhi11>
- <sup>xxvi</sup> See table 3 on zero hours data
- <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>