



## Jobs, council finances and redundancies

Councils are saying their budgets are under pressure, putting jobs at risk and threatening services.

It's important to have a proactive approach to understanding your council finances. Don't wait until the council is setting the budget – it can be too late, especially if the key financial decisions were made months or years beforehand. Good forward financial planning can identify threats faced by members at an early stage, giving branches more time to influence the final outcome.

This factsheet looks at financial information. It tells you what documents to ask for, what they might tell you, and when to engage.

### What documents should branches ask their employer for?

- the latest medium-term financial strategy
- the budget for the current financial year
- the budget and outturn report for the last financial year
- the latest statement of accounts
- single outcome agreement (Scotland)

### What do these documents tell you?

**Medium-term financial strategy:** Every council now has to have a medium-term financial strategy. In Scotland there will usually be a medium term financial plan linked to the single outcome agreement. The medium term financial strategy will cover a minimum of three years, although some cover longer periods and look forward five or even 10 years. It is usually updated each year.

The strategy should include all the key assumptions about the future that are critical to UNISON members, such as assumptions about inflation, pay and pension contributions and whether jobs might be at risk. There will also be assumptions about the levels of future council tax increases, the cuts and/or savings that the council plans to make, and the contributions to or from reserves. The strategy may also give UNISON earlier notice of plans for privatisation, shared services and PFI schemes.

**This years budget:** This is the detailed budget for this year. It tells you about the expenditure plans, usually by service area, whether the council plans to put money into reserves or is balancing the budget by using reserves, and how much the council expects to get in government grants, business rates and council tax.

**last years budget and actual outturn:** This enables you to compare the detailed plan for last year and what actually happened. For example, it should show you which areas underspent and overspent and whether the council used reserves or put money into reserves.

**Statement of accounts:** The statement of accounts is published each year. It is the official set of accounts for the council. It will provide details of:

- the accounting policies
- the income and expenditure account – the notes to the accounts or a separate explanation may provide more details
- a statement of the movement on the general fund balances
- details of the movements in statutory reserves, reserves needed to comply with proper accounting practices and earmarked reserves
- a statement of the capital reserves, including details of the level of usable capital receipts – these are capital receipts available to finance new capital expenditure
- details of any provisions – a provision is an amount set aside in one year for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain

- details of the collection fund account – this is a statutory account for billing authorities. It shows the transactions of the billing authority in relation to non-domestic rates and council tax, and how sums have been distributed to preceptors and the council's own general fund
- details of the direct services trading accounts and whether each traded at a surplus or deficit
- details of the housing revenue account – local authorities which have retained their housing stock are required to maintain a separate account – the housing revenue account – which sets out the expenditure and income arising from the provision of housing. Other services are charged to the general fund
- details of associated company interests and holdings. Some councils maintain investments and/or interests in companies. These are usually listed in a note to the accounts
- details of the Local Government Pension Scheme
- the number of employees whose remuneration (excluding pension contributions) was £50,000 or more – set out in bands of £10,000
- the total amount of members' allowances paid in the year ending 31 March

### **Single outcome agreement (Scotland)**

Every Scottish Council has a single outcome agreement negotiated with the Scottish Government. This agreement outlines the strategic outcomes the council is committed to achieving in return for Scottish Government grants. Redundancy proposals should be checked against this agreement to identify any inconsistency. For example redundancy proposals for nursery nurses may be incompatible with a single outcome to expand early years provision. For more details on the separate Scottish local government financial systems and how to analyse them consult the UNISON Scotland local government cuts toolkit at: <http://www.unison-scotland.org.uk/localgovt/LGcampaignpack.pdf>

### **When to engage?**

The medium-term financial strategy should be a regular item on the agenda of the joint negotiating body. Where possible, branches will want to discuss the proposed strategy before the council adopts it. That way, there should be fewer surprises!

### **Suggestions for negotiators**

- Make it standard practice for the council to supply UNISON with a copy of the draft and final medium-term financial strategy, the statement of accounts, the draft and final budget for the following financial year and the budget and outturn report for the previous financial year
- identify when in the financial cycle councillors usually agree the medium-term financial strategy and which body agrees it (different councils adopt different approaches)
- seek formal consultation on the proposed medium-term financial strategy before it is agreed by the council
- place the medium-term financial strategy on the agenda of the joint trade union/employer negotiating body at the most appropriate time
- negotiate a 'no compulsory redundancy' agreement if one does not exist
- review the council's current redundancy policy – and improve it where possible