



**NEW DEAL
FOR TEACHERS**

POLITICAL BRIEFING

**The Barnett Formula and
Public Spending in Scotland**

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MAKE CHANGE HAPPEN

Introduction

Since the introduction of austerity by the UK Government in 2010, public spending across the UK has seen real terms cuts which have devastated public services in Scotland and depressed wages in real terms.

While the Scottish Government determines the allocation of public sector spending, its overall budget is directly influenced by Westminster Government funding decisions, including education funding, through the Barnett formula.

There are three factors that are multiplied together to determine changes to the block grant under the Barnett formula:

- the change in planned spending by UK Government departments;
- the extent to which services delivered by UK Government departments correspond to services delivered by the devolved administrations;
- Scotland's population size as a proportion of the whole.

So the consequential calculation is:

- the change to planned UK Government spending, multiplied by
- the comparability factor, multiplied by
- the appropriate population proportion.

As a result, the Westminster Government's policy of public sector austerity has had a direct and negative impact on Scotland's education funding.

In recent years, the Scottish Government has also been able to raise additional income through taxation on the Scottish population. Although these powers have not been fully utilised, changes to the higher rates of tax and the introduction of a new tax band have allowed the Scottish Government some funding to try and mitigate the impact of Westminster austerity.

Nevertheless, the STUC published a paper in 2022 clearly outlining the full range of options for taxation the Scottish Government has at its disposal to better fund our public services, which could raise an additional £1.3 billion per year in the short term through existing legislation, and up to £3.3bn per year in the medium term through legislative reforms.

The Current Problem

After several years of real-terms increases, Scottish Councils' funding will likely fall again in real terms.

The outlook for 2024-25 is uncertain but is likely to be increasingly tough, given that overall funding for Scottish Government non-benefit spending is set to fall by 1.6% in real terms. If grant funding for Scottish Councils were to change in line with this, even 5% Council Tax increases would still see a further real-terms cut to overall funding of 0.5% on top of that seen in 2023-24. The cuts to Councils' funding in 2024-25 would be substantially larger – potentially 4% – if the Scottish Government were to increase funding for health services and 'net zero' by the same percentage as in the Budget for 2023-24, and reduce grant funding for Councils in line with the rest of the Budget.

The contrast with England is, therefore, striking. Increases in grant funding for Councils in England, announced in the November 2022 Autumn Statement, mean that funding for English councils and schools (which is a separate budget line in England) is set to increase by 3% in real terms in 2023-24 and 2% in 2024-25, even if Council Tax rates are frozen in

cash terms; with 5% increases in Council Tax rates, the real-terms increases would be 4.5% and 3.7%, respectively, for these two years.

Given current plans and forecasts, the next few years are likely to see something of a reversal of fortunes for Scottish and English councils and schools according to the IFS.

What Scotland needs from a new Westminster Government

There is a clear moral purpose for publicly provided education which should:

- i. meet the needs of all children and young people on a fair and equitable basis;
- ii. contribute to the achievement of the country's local, national and international needs and aspirations, whilst also enhancing the lives and life chances of all children and young people.

The mechanism by which state schools are funded is critical to securing an inclusive and world-class education system, operating in the public interest and contributing to the maintenance of a democratic, just and inclusive society.

Local authorities are under significant pressure to cut costs: this began with reducing education support staff and services as a quick way to balance the books, which will have the adverse impact of reducing specialist support to young people with additional support needs as well as a deleterious impact on attempts to close the poverty-related attainment gap; however, more recently, proposed cuts have become increasingly desperate, with one Council suggesting a reduction in the school day and another planning cuts to teacher numbers, in direct contradiction of Scottish Government policy.

There has also been an increase in precarious work, linked to budgetary constraints, and NASUWT has been campaigning around the lack of job security, the reduced availability of work and inequitable mechanisms for securing posts. Teachers with protected characteristics and from marginalised communities are disproportionately impacted.

Looking forward, Scotland's education system needs national funding levels to be increased significantly to enable local authorities and schools to receive the resources they need and which supports the provision of good terms and conditions for teachers.

About Us

NASUWT is The Teachers' Union and is the voice of the teaching profession.

Our aim is to improve and protect the status, morale and working conditions of the teaching profession so that teachers and headteachers can provide the best education and support to children and young people.

We are committed to ensuring that teachers and headteachers are recognised and rewarded as highly skilled professionals with working conditions that enable them to focus on their core role of leading teaching and learning.

Further Information

For further information please email campaigns@mail.nasuwt.org.uk

NASUWT
The Teachers' Union

nasuwt.org.uk