

EDUCATIONAL INSTITUTE OF SCOTLAND

RESPONSE TO THE CONSULTATION FROM THE SCOTTISH PARLIAMENT'S COMMITTEE ON EDUCATION & SKILLS

THE 2019/2020 DRAFT BUDGET

Introduction

1. The Educational Institute of Scotland, Scotland's largest education union, welcomes this opportunity to provide a written response to the consultation initiated by the Scottish Parliament's Education & Skills Committee.
2. It is difficult to find clear and transparent data to follow and comment on public expenditure in Scotland in general, and on schools in particular. It is unfortunate that Audit Scotland has not done an update on its Schools 2014 Report¹.
3. Notwithstanding the challenge around data, the EIS has concerns regarding ongoing spending on education across all of Scotland's 32 Local Authorities, based on feedback from our members and local associations who deal on a daily basis with the impact of spending reductions.

The Need for Increased Investment in Education

4. The Audit Scotland Schools 2014 Report stated that *"In 2012/13, councils spent £4.8 billion on education, of which £4 billion was provided through the block grant."* It is clear, therefore, that Scottish Government sets the limit for the vast majority of school funding.
5. The EIS has repeatedly rejected the policy of austerity in public finances i.e. fiscal consolidation with public spending cuts. This means that the EIS believes that there should be greater public spending.
6. The EIS recognises that UK public sector spending decisions significantly affect the expenditure available to Scottish Government regarding public spending in Scotland. The EIS has previously called on the Scottish Government to use the increased revenue raising powers at its disposal and welcomes

¹ http://www.audit-scotland.gov.uk/docs/local/2014/nr_140619_school_education.pdf

the use of some of these powers in the 2018-19 budget to increase public revenues and thus increase public spending. The EIS believes that the Scottish Government should further explore its options around using its existing and new fiscal powers to support public sector provision.

7. A recent SPICe Spotlight² Briefing states: *"The amount allocated to Fiscal Resource (which funds day-to-day spend on public services) will grow in real terms by 1.8% in 2019-20 on the current year."* The draft budget³ states: *"If this year's budget consequential for investment in the NHS are excluded – which given our commitment to pass these on in full to Scottish health and social care services, is reasonable – our 2019-20 resource block grant is £340 million or 1.3 per cent less in real terms than it was in 2018-19."* This suggests that if the budget consequential are included then the Scottish Government's revenue from the UK Government has increased in real terms. This is welcome news and hopefully heralds the end of the austerity period of public finances.
8. A Local Government Benchmarking Framework Report⁴ on the Public Finance' website (which is associated with the Chartered Institute of Public Finance and Accountancy (CIPFA), looks into Education spending between 2010-11 and 2016-17. This was published in January 2018.
9. According to the Report, *"The benchmarking framework now has seven years of trend data, covering 2010/11 to 2016/17. Across the seven-year period for which we present data, total revenue funding for councils has fallen by 7.6% in real terms from £10.5 billion to £9.7 billion."*
10. According to the Report (referring to 2016-17): *"Despite real reductions in the education budget of 3.8% since 2010/11, the number of preschool and primary places in Scotland has increased by over 30,000."*
11. The Report also considers the change in real terms funding per pupil group between 2010-11 and 2016-17, and notes:

"In the past 12 months, there have been small reductions in real spend per primary and secondary pupil (0.2% and 0.4%

² <https://spice-spotlight.scot/2018/12/12/and-were-off-scottish-budget-2019-20-the-parliamentary-debate-begins/>

³ <https://www.gov.scot/publications/scottish-budget-2019-20/pages/1/>

⁴ <http://www.improvementservice.org.uk/documents/benchmarking/overviewreport1617-2.pdf>

respectively), with expenditure trends largely reflecting pupil number changes. Since 2010/11, real spend per primary and secondary pupil has fallen by 9.6% and 2.9%."

12. Given the fact that local authorities receive a block grant from the Scottish Government and that education spending by local authorities is not ring fenced, it is difficult to use Scottish Government budgets to track education spending.
13. The SPICe Spotlight Briefing states: *"The core local government revenue settlement – General Resource Grant and Non-Domestic Rates Income combined (see Table 6.10 in the Budget) – falls in real terms by £319 million (-3.4%)."*
14. A separate SPICe Briefing⁵ states; *"In real terms, the local government Revenue settlement as a proportion of the Scottish Government Revenue budget decreased by 1.9 percentage points between 2013-14 and 2017-18."* It is clear to the EIS that local authorities have borne the brunt of the Scottish Government funding decisions, and that education funding has been adversely affected as a result.
15. The EIS recognises that ongoing additional funding has been made available to schools and local authorities through the Pupil Equity Fund initiative of £120m per FY, and that 2019-20 will be the second year of that three year programme. Whilst this resource is welcome it is not universal, it is focussed on a specific policy objective of addressing the impact of poverty (which the EIS shares) and it is clearly an additional spending stream. Without the PEF initiative funding, the EIS believes that the core education budget for many local authorities would have been cut. The perceived reliance of 'initiative funding' to cover real terms reductions in core funding is a matter of concern for the EIS. Core funding is effectively being substituted by targeted funding.
16. There is considerable anecdotal evidence that schools and pupil support services are experiencing funding levels that are continuing to have a detrimental impact on the working lives of teachers and others working in school education. This anecdotal evidence suggests fewer support workers in classes, less ASN support, fewer educational psychologists, fewer Quality Improvement Officers and fewer school resources resulting in more anecdotes of teachers buying basic materials such as pencils, glues etc themselves.

17. According to Government figures⁶, the overall pupil teacher ratio was 13.2 in 2007, 13.4 in 2011 and 13.6 in 2018. The pupil teacher ratio in primary schools is broadly flat in recent years (including 2018) at 16.1. The pupil teacher ratio for secondary schools has risen marginally from 12.1 to 12.2 between 2012 and 2018. The pupil teacher ratio for special schools has risen from 3.4 in 2012 to 3.6 in 2018.
18. The number of ELC teachers (early learning & childcare aka nursery teachers) has dropped from 1630 in 2009 to 821⁷ in 2018. This is despite the Government policy of improving early years education, and its increases in such funding stated in the draft budget.
19. Any changes in education funding needs to be considered in the context of pupil numbers. Scottish Government figures⁸ give a headcount of 693,251 for 2018, which is the sixth consecutive year of increase since 2011's low of 670,481. Teacher numbers have also increased since 2011, and there are currently (2018) 51,959 teachers.
20. There has been an increase of just under 1,000 teachers between 2016 (prior to the PEF initiative beginning) and 2018, with an increase of around 10,000 pupils. It is worth noting that the annual PEF initiative funding of £120m is equivalent to the salaries plus oncosts⁹ of around 2,500 experienced teachers. Whatever the number of PEF funded teachers within the education system, it should be noted that their funding would only last a maximum of three years under the PEF initiative.
21. The Scottish Government has previously acknowledged that it has maintained a public sector pay cap in order to maintain staffing¹⁰. Teachers, like most of the public sector, have been subject to sustained sub-inflationary pay rises that has led to a cut in real terms value of an experienced teacher's pay of

⁶ <http://www.gov.scot/Topics/Statistics/Browse/School-Education/teachcenssuppdata/teachcensus2015/teachercensus2016>

⁷ <http://www.gov.scot/Topics/Statistics/Browse/School-Education/TrendTeacherNumbers>

⁸ <https://www.gov.scot/publications/summary-statistics-schools-scotland-9-2018/pages/4/>

⁹ Teacher of annual salary of £36,000 plus 1/3 oncosts (£12,000).

¹⁰ "The pay cap, while never desirable, was necessary to protect jobs and services."

https://www.snp.org/first_minister_nicola_sturgeon_scottish_programme_for_government

over 20% in the value of a top of the scale unpromoted school teacher since 2008 (using RPI). There are recruitment challenges in some areas (such as STEM), with some Universities being unable to fill post graduate teacher training courses.

22. Pay is undoubtedly an issue across the public sector and specifically a factor in relation to the status of teaching as a profession. This has been shown by over 20,000 teachers sending postcards to the DFM in June 2018, around 30,000 teachers and supporters marching through the streets of Glasgow in October 2018 and a 74% turnout in a consultative ballot¹¹ to reject a pay offer – with 98% rejecting.
23. The draft budget does not set out any additional investment in teachers' pay. Whilst the increased funding for pre-5 education services is welcome, the budget ignores the pay concerns of the teaching profession.
24. The draft budget, states: "*Education continues to be this Government's defining mission and we remain determined to improve the life chances of the children and young people of Scotland and change lives for the better.*" The First Minister has previously stated¹² that education is the Government's priority and that it should be judged on its education record.
25. The draft budget, according to the SPICe Spotlight briefing uses the Barnett consequentials arising from additional UK (England) NHS spending, and further additional money to fund the NHS in Scotland. The briefing goes on to state: "*By passing on the Barnett consequentials to Health, other Budget areas will continue to feel the squeeze. Although the overall budget settlement is better than previously thought, with Health now comprising an increasing share of the Budget, other areas inevitably see their share of the budgetary cake fall.*"
26. The Government claims of education being the defining mission of its term does not seem to be reflecting in its spending decisions.

¹¹ <https://www.eis.org.uk/Ballot/Reject>

¹² <https://www.scotsman.com/news/education/nicola-sturgeon-judge-me-on-education-record-1-3861506>

The 2018-19 budget included around £270m¹³ additional spending on supporting business and the economy. The EIS is disappointed that the Scottish Government has decided to spend additional funds reducing business tax rates in the 2019-20 draft budget.

27. The BBC¹⁴ reported: *“Another big ask (by business) was not to implement an idea proposed by the Barclay Review of business rates - that an extra levy should be charged on out-of-town and online retailers. The retailers have seen that off.*

Lots of small businesses have retained their zero rating on business rates, and Mr Mackay went further on two fronts; raising next year's bills by less than inflation, and linking them after that to the Consumer Price Index, a relatively low measure of price increases.

Signal number four: the continued starter rate for income tax has been raised with inflation, while business rates are going up by less than inflation - both measures letting Mr Mackay boast that Scotland is the lowest taxed part of the UK - albeit on some measures of his choosing, and by a small margin.”

28. The EIS supports the STUC analysis¹⁵ that *“The STUC remains sceptical about the efficacy of rates relief to business as a method of stimulating the economy, and the loss of revenue to the Scottish Budget of these measures is considerable.”* Put simply, the EIS believes this funding should have been invested in public services rather than subsidising private businesses.

¹³ <https://www.gov.scot/publications/scottish-budget-draft-budget-2018-19/pages/12/>

¹⁴ https://www.bbc.co.uk/news/uk-scotland-scotland-business-46543790?intlink_from_url=https://www.bbc.co.uk/news/topics/cqgpmnzkv1dt/scottish-budget&link_location=live-reporting-correspondent

¹⁵ <http://www.stuc.org.uk/files/STUC%20on%20The%20Scottish%20Budget-%20Bite%20Sized%20Briefing.pdf>

Summary

29. The EIS believes that the Government needs to invest more in schools and significantly increase the core budget to schools in order to fund permanent posts. The increased investment should deliver a fairer salary to teachers and more resources so that all pupils can thrive in our education system, and further progress made in closing the poverty attainment gap.
30. The EIS believes that the Scottish Government should further explore ways to increase public revenues in Scotland to deliver increased spending on its stated policy objectives and public services in general.