

From COSLA Children and Young People, and Resources Spokespersons



16 February 2023

Convenor of the Local Government, Housing and Planning Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Via Email - localgov.committee@parliament.scot

Dear Ms Burgess,

Following the announcement by the Cabinet Secretary for Education and Skills on 7 February in relation to teacher and pupil support assistant numbers, places for probationer teachers and learning hours, we wanted to write to you to highlight the challenges faced in the financial year ahead for wider council services as a result of these interventions.

COSLA has provided both written and oral evidence to the committee in its Pre-Budget Scrutiny in recent years, setting out the severe funding pressures faced by councils for at least the last decade as a result of a real terms reduction in councils' core budgets and increasingly directed funding from the Scottish Government. As a result of protections in areas like education and social care, cuts have fallen disproportionately on other, unprotected services areas. Our submissions to the committee have warned that pressure on core budgets is becoming increasingly visible and leads to councils making difficult choices.

A further lack of flexibility for councils will result in very limited options for savings and will have a significant impact on other vital services. Further detail on the impact on these interventions on council services is set out in this letter. These interventions represent an unsustainable pressure on Local Government's core budgets.

We also wish to highlight that these interventions clearly contradict the reference in the Resource Spending Review to managing the pay bill by reducing public sector headcount by 2026/27 and it is therefore unclear what the impact is on the longer-term funding proposals from Scottish Government.

Scottish Budget 2023/24 and implications for education services

Education accounts for around 50% of council budgets (c£6bn). Teachers account for a huge proportion of education budgets – around £3bn in 2022/23. Non-teaching staff account for a further £1.4bn.

Information on Local Government expenditure on teachers from Local Financial Returns (LFR) and Projected Outturn Budget Estimate (POBE) clearly shows the significant amount of council budgets spent on teachers and highlights increasing spend year on year, for example a £181m increase between 19/20 and 20/21 – it should be noted that part of the increase will be as a result of pay awards:

All figures in £000s

	<u>19/20 LFR</u>	<u>20/21 LFR</u>	<u>21/22 PO</u>	<u>22/23 BE</u>
Pre-Primary Teaching Staff	49,813	51,564	48,418	49,041
Primary School Teaching Staff	1,363,482	1,452,276	1,496,406	1,497,590
Secondary School Teaching Staff	1,323,871	1,414,436	1,471,776	1,513,460
Total Teaching Staff spend	2,737,166	2,918,276	3,016,600	3,060,091
Increase year on year		+181,110	+98,324	+43,491

School Non-teaching staff expenditure has also shown an increase year on year, for example an increase of almost £79m between 19/20 and 21/21:

All figures in £000s

	<u>19/20 LFR</u>	<u>20/21 LFR</u>	<u>21/22 PO</u>	<u>22/23 BE</u>
Total School Non-Teaching Staff	1,227,360	1,305,982	1,352,313	1,380,168
		+78,622	+46,331	+27,855

When looking at these figures, it should be noted that there were significant additional COVID funding awarded in both 19/20 and 20/21 which will have been allocated across all LFR/POBE lines across all councils. However, it is clear that this has been an area of investment by Local Government, due to the value councils place on both teaching and non-teaching staff in improving outcomes for children and young people, enabled by both tranches of funding across 2020 onwards.

Education budgets have been protected by Local Government in recent years and there has been an increase in education expenditure over the last 10 years. This means that the cuts that have been required as a result of real terms reduction in councils' core funding over the last decade have fallen disproportionately on other unprotected service areas, such as central services, culture and leisure, roads and planning. These areas have all seen cuts of at least 25% over the same period.

The recent Institute for Fiscal Studies (IFS) report on [Council and School Funding](#) also highlighted that councils' spending on early years childcare and schools has increased in real terms during the 2010s (with an estimated increase of around 19% between 2009/10 and 2021/22), whilst spending on other council services fell substantially over the same period: central administrative services (-55%), planning and development (-52%), housing (-38%), roads and transport (-29%), and culture (-29%).

COSLA's budget lobbying campaign, [Budget SOS](#), highlighted pressures of at least £1bn for Local Government in 2023/24 due to inflation, rising energy costs, pay and increased demand, unless more funding is provided. Although education has remained

protected in recent years, '[Education SOS](#)' warned that if education services had to take their 'fair share' of these financial pressures, around £500m of savings would need to be found – equating to 8,500 fewer teachers, or 16,000 less pupil support staff.

'[Culture and Sport SOS](#)', '[Local Area Services SOS](#)', '[Social Care SOS](#)' and '[Climate SOS](#)' set out the impact on each of these service areas if they had to take their 'fair share' of the £1bn pressures in 2023/24, and what these savings equate to. For example;

- the £154m savings required across services such as waste, planning and roads equates to 33% of the roads and transport budget, or 70% of the building, planning and development budget;
- the £40m of savings required across culture and sports services equates to 1,400 fewer library assistants, or 90% of total spend on museums and galleries;
- the £300m savings required in social care equate to 5,000 fewer social workers, or 100% of the services that help councils keep The Promise;
- Climate SOS highlighted that cuts to councils' core budgets will make delivering climate targets even harder. The recent [report](#) from the Net Zero, Energy and Transport Committee is also clear that climate targets will not be met without a more empowered Local Government and that councils need both increased funding and more flexible funding streams.

As a result of the recent education interventions, councils will now have to find significantly more savings from these areas. These services are critical to a 'whole systems' approach to physical and mental health and wellbeing and tackling inequality – cutting funding in these areas will mean more costly interventions elsewhere.

The Deputy First Minister has stated that Local Government funding has increased by over £570m, however this is not all 'new' funding. The figure quoted is the change between finance circulars and includes funding that came to Local Government during financial year 2022/23, including for specific policy commitments such as Whole Family Wellbeing. It is also important to highlight that the only new teaching money made available in 2022/23 was £32.8m for the 2021/22 teachers pay deal.

COSLA's [Budget Reality](#) highlights that Local Government will see just a £71m cash increase in 2023/24, once policy commitments are taken into account – this means only £71m to deal with inflation and pay across the entire Local Government, nowhere near the £1bn required.

Local Government is under significant financial pressures as a result of inflation across pay, utilities, food and materials. This is hitting Local Government just as hard as it is hitting household budgets. Councils are having to make significant cuts to services in order to balance their budgets.

No one in Local Government is comfortable or wants to be in the position of considering reducing services, particularly those relating to supporting children and young people. However, the Scottish Budget as it stands requires councils to take exceedingly tough decisions.

We remain and are committed to ongoing discussion with the Scottish Government around their expectations for education services and how these can be met with the reduced funding envelope available to Local Government. We are concerned that this

intervention in education will have a further disproportionate impact on wider services in communities, with impacts on health, wellbeing and widening inequality. Council Leaders have been clear that this must include including a discussion on funding flexibilities and the overall quantum of funding in the Local Government Settlement. Without this, there will be cuts that will impact everyone in our communities.

We hope this letter is helpful to the Committee as it continues to consider the Scottish Budget 2023/24.

Yours sincerely

Cllr Tony Buchanan

Children and Young People Spokesperson

Cllr Katie Hagmann

Resources Spokesperson