



**NEW DEAL
FOR TEACHERS**

POLITICAL BRIEFING

**The Barnett Formula and
Public Spending in Northern Ireland**

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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 Northern Ireland and depressed wages in real terms.

Analysis carried out by the Irish Congress of Trade Unions in *Smart Money: Better options for Northern Ireland's public finances (2024)* shows that spending in Northern Ireland has been in decline despite the growth in population and the demographic change within the population itself.

While the Northern Ireland 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;
- Northern Ireland'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 Northern Ireland's education funding.

Until recently, the Barnett formula served Northern Ireland well but a combination of lower spending in England and increasing relative need in Northern Ireland has ensured that Northern Ireland cannot balance its books by making drastic cuts to public services.

NASUWT believes a needs-based system – which would take into account factors such as the age of the population and levels of poverty – would be a fairer formula.

Northern Ireland currently has the lowest spending per head on education combined with the longest waiting lists in the public health service.

The Northern Ireland Spending Premium

The Northern Ireland Fiscal Council in *Technical Paper 02/24: Updated estimate of the relative need for public spending in NI: further sensitivity analysis* has demonstrated that 'the operation of the Barnett Formula tends over time to reduce the percentage funding per head premium over English spending'.

The Shortfall

Since 2021, Northern Ireland previously had a spending premium of £121 – for every £100 spent in England, £121 was being spent in Northern Ireland. However, it is widely accepted that this figure was not enough.

The recent financial package to the Northern Ireland Executive has recognised the shortfall and is based on addressing the shortfall if the uplift has been 24%. There will now be a

'needs-based factor' in the Barnett formula from 2024-25. It is still a matter of debate as to whether 24% is enough, with some economists making the case for a higher figure.

A casual observer might think that the problem is now resolved but this is not the case. While the Barnett consequential is now higher, this does not translate into immediately addressing Northern Ireland's relative needs.

The Northern Ireland Fiscal Council has projected it will take until 2035-36 until Northern Ireland receives the funding which meets relative needs.

What Northern Ireland 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.

Schools are under significant pressure to cut costs, including 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 educational needs as well as a deleterious impact on attempts to close the poverty-related attainment gap.

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, Northern Ireland'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