

into



Irish National Teachers' Organisation
Cumann Múinteoirí Éireann

Response by

The Irish National Teachers' Organisation
(INTO)

To

Draft Budget 2015-16: NI Executive

December 2014

A nation's greatness depends upon the education of its people

Vere Foster – First President – INTO

INTRODUCTION

The Irish National Teachers' Organisation (INTO) is the largest teachers' union on the island of Ireland. The Organisation presently represents over 40,000 teachers, principals and vice-principals, with over 7,000 members in schools in the north of Ireland. We have carefully considered the draft Executive budget for 2015 – 16 and on behalf of INTO we now set out our response.

THE VALUE OF EDUCATION

Benjamin Disraeli said, *"Upon the education of the people of this country, the fate of this country depends"*. It is perhaps an observation that we should consider before we embark upon a strategy that INTO considers will have devastating consequences for the economy and in tandem obliterate our education system. Schools and colleges will be subjected to terminal financial pressures and consequently irreparable damage will be caused to the education of our young people not only for today but for at least a generation. It is a glaring disappointment that the Minister of Finance and Personnel has failed to recognise the value and importance of education; the only reference to education in this document is to the overall cost. It seems the Minister of Finance and Personnel fails to understand that economies rise and fall on the basis of the educational standards available within their workforce. INTO believes that the budgetary cuts proposed will condemn Northern Ireland to a low wage economy for at least a generation and likely longer.

The opening statement by Mr Simon Hamilton, Minister for Finance and Personnel states,

"Yet, in spite of these seemingly insurmountable challenges, the Executive has agreed this draft Budget for 2015-16. It is by no means an ideal Budget. The range of pressures we confronted required £872 million worth of reductions to our resource budget. Adjustments of that degree necessitate tough choices and difficult decisions."

The view of INTO is that the challenges that the Executive faced in reaching this draft position pale into insignificance compared to the decisions that hard working public servants will have to make should the Executive's draft Budget become a reality.

The document refers to the creation of a new Northern Ireland Investment Fund. It states,

"This Fund will use Executive resources to leverage in outside investment from international investors, which in turn will be used to support infrastructure projects in social and affordable housing, energy production, energy efficiency, renewables and urban regeneration".

Leaving aside the highly speculative tone of this intention 'the leverage' referred to and any subsequent investment will be predicated on the availability of an educated and skilled workforce. Unless education becomes a priority and is seen as a driver of economic activity then the ability to leverage any meaningful foreign investment will be limited.

SECTION 1

The introduction to the budget states,

“The Executive had the difficult undertaking of constructing a draft Budget in a constrained public expenditure environment. The draft Budget has demanded tough choices and difficult decisions and the task of the Executive has not been one of making decisions on how to allocate surplus funding but rather one of prioritising funding which underpins key services. In this respect the draft Budget will not cover all that the Executive aspires to do, but rather has its focus on supporting critical public service”.

This statement alone poses a difficulty for INTO. Even in the face of an environment characterised by constrained public expenditure we must question how the priorities were arrived at. What strategic advice or research formed this thinking and classification of priorities? It is noted that two Departments do not face overall budgetary reductions; Health and Enterprise, Trade and Investment. Education has not been afforded this protection. We wish to comment particularly on the rationale for protecting Enterprise, Trade and Investment. INTO accepts the importance of this Department in attracting inward investment and growing the economy. However, an economy's growth is dependant, in no small measure, on the availability of an educated and skilled workforce. When Education and Further Education suffer significant cuts, as is inevitable should the draft Budget be adopted, the likelihood is that the overall quality of the workforce will, as a consequence, decline. This decline will flow from the reduction in funding to schools and colleges undermining the levels of achievement of those attending these institutions. An immediate and visible impact will be a huge reduction in numbers able to engage in tertiary education. Eventually, those employers who look to Northern Ireland for a skilled workforce will look elsewhere. Hopes, articulated by various politicians, around a rebalancing of the economy, will remain just that; hopes. For that reason, INTO urges a radical rethink leading to a strategic decision to put education at the centre of a new economic and social strategy built upon a ten year educational strategy focused on education and skills development.

SECTION TWO: ECONOMIC AND SOCIAL CONTEXT

INTO question the statement that the economy is in recovery mode. Furthermore, we believe that as a result of this budget, those already suffering poverty and social deprivation will be joined in the poverty trap by many more. In addition, the issue of youth unemployment and NEETs, already a significant issue for the economy, will further be exacerbated. With the decision to cut overall investment in education, schools and colleges, there will be reduced intakes particularly in the post 16 arena. This will be compounded by a lack of training and higher education places. The likely outcome of this strategy will be to move the entire economy towards low paid work if available or increased dependency on the Social Security system, as unemployed public servants begin claiming unemployment and other benefits.

While there is a rise in the baseline economy, we must be mindful of where the economic baseline was as a result of years of under investment. The economy, such as it is, still has significant reliance

on public sector jobs. Therefore, the impact of this budget and its proposals for education and other government departments, is likely to result in a significant level of redundancies. INTO do not believe that there are vacancies that will allow these individuals to be re-employed. Nor do we believe that those redundancies will in any way contribute to a rebalancing of the economy. The redundancies have the potential to put £100m into the economy. However, after the redundancy money is spent, the likelihood will be a greater reliance on social security benefits. Furthermore, it is widely recognised that those out of work have poorer health outcomes and the inevitable result will be increased demand on, an already stretched, health service and in particular mental health provision. What we have in this draft budget is a mechanism for the promotion of a raft of negative economic synergies.

ECONOMIC OUTPUT AND LIVING STANDARDS

INTO believe the aspirations set out in the draft budget cannot be achieved. We remain concerned that as a result of this draft budget the poorest in society will suffer. We believe that the outcomes will impact on education standards, job opportunities, and result in the poorest in society seeing living standards fall as the poverty trap encompasses ever more people. The budget will benefit a few, but the majority will be worse off. The approach of ‘cuts now and hope for the best tomorrow’ is a recipe for disaster. INTO believes that the Executive should plan its way forward and in doing so engage cooperatively with INTO and other trade unions.

The graph of output (Chart 2.3) appears to show significant growth. Two points are immediately evident to even the casual observer; firstly, the limited growth is in areas of the economy which are largely low wage; secondly, the growth in manufacturing has to be seen in the context of the very low economic base that has existed since the decline of the major industries. Not only are we a post-conflict society but we are also a post-industrial society.

INTO believe that the labour market data supplied in the draft Budget reinforces the comments made in the previous paragraph. Furthermore the cutbacks in departmental budgets are likely to see reductions in manufacturing as jobs are lost to private companies that supply the public sector and associated government departments. To project an optimistic spin using this data is inviting society to accept a “rose tinted” view of the economy.

In respect of the regional unemployment rate, we have one comment; INTO expects this figure to rise and many of those losing their jobs will be teachers. This budget will simply increase social security demands.

Key Challenges Ahead

INTO believe that the draft budget will **NOT**:

- Increase living standards. We believe the outcome will be that standards in Northern Ireland will lag further behind international comparators.
- Increase industrial output except in low wages area of the economy
- Enable a rebalancing of the economy to make the economy less reliant on the public sector. The budget will dramatically reduce the size of the public sector but INTO do not share the belief that these jobs can be absorbed by a private sector.

- Increase the proportion of high value jobs. We believe the opposite will be the outcome and this will come about because there is a strategic failure to realise the importance of education to the development of a vibrant community.
- Increase rather than decrease those who are classed as economically inactive.
- Further increase the numbers reliant on incapacity benefit and worsen the overall mental health state of the population as the public sector job losses increase.
- Further increase the number of households in poverty.

The draft budget document states,

“2.22 The Northern Ireland Economic Strategy sets out a number of priority areas and associated actions aimed at helping to address these issues including investment in skills and education, growing the private sector, strengthening our competitiveness through export led growth and targeting sectors that have the most potential for growth. These include Telecommunications and ICT; Life & Health Sciences; Agrifood; Advanced Materials; and Advanced Engineering.”

How this will be achieved with the strategic decision not to protect education and to apply cuts to front line education services, is frankly incomprehensible.

It is accepted by INTO that the Executive has little or no revenue raising powers and that the Block Grant is the main source of revenue available to it. We further accept what it now appears all the political parties have belatedly come to accept, namely that we require a significant increase in the Block Grant. However, within that Block Grant the Executive has considerable powers as to how the monies are allocated. This should be on the basis of strategic investment and planning rather than an approach of budget allocation bartering. This draft budget has missed a significant opportunity to plan and resource our economy around a new economic and social strategy built upon education not just for 2015 – 16, but for at least the next ten years. We urge that the draft budget is reconsidered and this point addressed.

INTO believe that long term investment in education will be a more effective driver of the economy than an approach based on hoping that inward investment can result from agencies such as Invest NI. A well educated workforce is one that is confident in its skills base; can meet new technologies, address challenges head on and can attract high salaries with the increasing benefits to the economy through direct and indirect taxation. A poorly educated workforce, unfortunately, is the converse with poorer health outcomes and greater reliance on benefits and state support. The importance of education cannot be understated.

CHAPTER FOUR: PROPOSED DRAFT BUDGET OUTCOME

The document states the Executives priorities to be

- Priority 1: Growing a Sustainable Economy and Investing in the Future
- Priority 2: Creating Opportunities, Tackling Disadvantage and Improving Health and Well-Being
- Priority 3: Protecting Our People, the Environment and Creating Safer Communities

- Priority 4: Building a Strong and Shared Community
- Priority 5: Delivering High Quality and Efficient Public Services

INTO believe that these budget proposals reduce these priorities to no more than words on a piece of paper. While this may be the context in which this Executive now works, the population has a right to demand better and should ask why these priorities are not being met. INTO believe that the budget proposals should be re-examined again, education prioritised as the primary economic driver and that engagement should be made at strategic level with trade unions including INTO to take forward this priority.

The document outlines in some detail how the NI Executive is funded. While it accepted that the Executive has limited revenue raising powers, a decision to fund on the basis of loans or further PFI initiatives simply increases the financial burden for future generations. In addition many of the factors that influence living standards for the population remain outside the control of the Executive, and this is demonstrated by higher energy costs and higher cost of living per capita. Additional funds have to be secured from the Coalition Government in London. Should additional funds become available, INTO would urge that these are used to secure current levels of state support and to facilitate the development of a long term economic and social strategy centred on education.

Finally, in reference to the proposed budget outcomes, INTO remain concerned that the lack of strategic thinking combined with reduced budget allocations, will make Northern Ireland a less attractive destination for investors and that our infrastructure will suffer from a lack of investment. This will ultimately impact on revenues and flexibility within the economy and will also make future strategic priorities undeliverable.

INDIVIDUAL DEPARTMENT

Individual departments are largely suffering major cuts in funding with potentially serious impacts for the economy and infrastructure.

NON RING-FENCED RESOURCE

£million

<i>2015-16 Baseline Position</i>		<i>2015-16 Draft Budget Position</i>	<i>% Change</i>
<i>Agriculture and Rural Development</i>	<i>197.6</i>	<i>187.3</i>	<i>-5.2%</i>
<i>Culture, Arts and Leisure</i>	<i>99.9</i>	<i>89.9</i>	<i>-10.0%</i>
<i>Education</i>	<i>1,943.7</i>	<i>1,849.3</i>	<i>-4.9%</i>
<i>Employment and Learning</i>	<i>756.2</i>	<i>674.4</i>	<i>-10.8%</i>

<i>Enterprise, Trade and Investment</i>	184.2	194.0	5.3%
<i>Finance and Personnel</i>	155.9	139.0	-10.9%
<i>Health, Social Services and Public Safety</i>	4,542.7	4,693.1	3.3%
<i>Environment</i>	116.6	103.7	-11.1%
<i>Justice</i>	1,089.0	1,024.0	-6.0%
<i>Regional Development</i>	335.5	322.0	-4.0%
<i>Social Development</i>	653.9	589.1	-9.9%
<i>Office of the First Minister and Deputy First Minister</i>	65.8	65.4	-0.6%

Non Ministerial Departments

<i>Assembly Ombudsman / Commissioner for Complaints</i>	1.8	1.8	0.0%
<i>Food Standards Agency</i>	8.5	7.4	-12.8%
<i>NI Assembly</i>	40.7	40.7	0.0%
<i>NI Audit Office</i>	7.9	7.9	0.0%
<i>NI Authority for Utility Regulation</i>	0.1	0.1	-14.3%
<i>Public Prosecution Service</i>	32.7	30.5	-6.7%
Total Planned Spend¹	10,232.6	10,019.5	-2.1%

The table above shows the dramatic impact of the draft budget allocations. INTO is of the view that the document reflects horse trading by silo bound Departments rather than careful strategic planning on the part of the Executive. INTO firmly believe that if there was protection and strategic reinvestment in education, then the demands on many departments would be reduced. These include less demands for unemployment benefit and other welfare needs, improved health outcomes, improved inward investment and greater potential for increased research and

development with positive benefits for the economy generally. A higher per capita spend would improve overall performance across the economy.

PUBLIC SECTOR PENSIONS

INTO note the content of the paragraph below.

“4.33 As highlighted above, a particular issue that all departments will have to address in 2015-16 is the financial impact of the ongoing public sector pension scheme revaluations. This work is likely to result in significant additional employer contribution costs – particularly for the health and education sectors. Work is ongoing to finalise these costs. In the interim the Executive has agreed to set aside £133.2 million to help alleviate the pressure on departments.”

We must place on record that there has already been significant changes to public sector including teachers` pensions. We place on record that we will resist any further attempts to reduce or change in particular the teachers` pension scheme and we seek the assurances of the NI Executive that they will not seek to lessen their responsibilities in this area in any attempt to make efficiency savings.

SECTION FIVE: DEPARTMENTAL RESPONSIBILITIES

INTO has responded to the DE consultation and restated many of the points made here. We do believe that the pressures reflected in many budgets would be alleviated by a more strategic approach to the economy and society built around education with ring fenced funding of the next ten years. We also believe that involvement with INTO and other trade unions at a strategic level is crucial if we are to move this economy forward.

SECTION SIX: EQUALITY CONSIDERATIONS

The document seeks to assure the reader that the Executive is fully aware and committed to discharging its responsibilities under Section 75 (1) and (2) of the Northern Ireland Act 1998 in relation to having due regard to the need to promote equality of opportunity and to have regard to desirability of promoting good relations. The document indicates that each Department will discharge its own responsibilities but does not make clear how they are to be collated or factored into the final budget. DE for instance used a desktop screening which found little or no impact – an outcome the INTO contents cannot be accurate.

INTO believe that this budget will have a major influence and impact on various sections of society identified under Section 75. We also believe that the budget will influence the Executive`s capability to improve Equality and Good Relations. The INTO response to this is to call on the Executive to instigate, without delay, a full Equality Impact Assessment (EQIA) on these proposed budgetary cuts. INTO has, for some time, made it clear it is an unacceptable practice on the part of any Department to be conducting an inadequate desk top equality screening and then advising that there are no adverse impact on any of the groups specified in legislation. Further references to tackling educational inequalities cause INTO to question if these proposals are implemented how the most vulnerable in society will not suffer? Is it not inevitable that children with special needs or other educational difficulties will suffer if teachers or classroom assistants are made redundant? We must ask if children in the Grammar sector fare better than those in the non-selective post primary

institutions. If the past has anything to offer, then the answer will be “YES”. Will health outcomes for those receiving benefits suffer as a result of these cuts? Even if it is only perceived, it is likely to give rise to a bias. Finally, the availability of tertiary education will decline for those in receipt of benefits or those classed as “poor”. This certainly represents a worsening of their opportunities.

Finally the Executive, in discharging its responsibilities, must be seen to take action when adverse impacts are observed. INTO remain dissatisfied with the approach of “as far as possible” which seems to be a mantra and excuse for doing nothing when dealing with Equality issues.

OTHER COMMENTS

As the largest teaching union in Ireland, we do not propose to engage in a scenario of “robbing Peter to pay Paul”. In serving the teaching profession, we have consistently seen schools, attempting over the years, to manage financial pressures and it is clear in these circumstances that all resources are necessary and important to the functioning of an individual school or college. To engage in detailed analysis of individual budget items and play one Department off against the other does absolutely nothing other than add another horse trader to the table. INTO urges the Executive to rethink this draft budget, to think again about these proposals and look at the impact that these will have on the quality of education and other public services.

CONCLUSION

The foreword to this budget describes this budget as “challenging”. INTO firmly believe that there is little cognisance or assessment of how these budget reductions will impact on front line services or how they will impact on the delivery of the Executive's objectives. It would appear that the actual delivery of front line services will become impossible and the overall economy and future economic prospects will suffer.

For INTO the document is indeed “challenging”. However, we are prepared to campaign and mobilise those who deliver front line services to protest against these proposed cuts. We cannot stand by and watch an attack on the fundamental building blocks of the education system; our schools, teachers and children. Nor will we allow attacks on the public services the community need and those who work in them to go unchallenged.

During the recent economic difficulties in the Republic of Ireland, no teaching position was lost. This inevitably came from a decision by the Dail to ensure that strategic investment in education was maintained in the light of major economic problems. This decision ensured that, as the recovery emerges, there is available a workforce that is well educated and trained. INTO urges the Executive to look at this strategic approach and to adopt a similar model. Otherwise, when a recovery in the economy does occur, the quality of the workforce available may be such that only those companies that pay low wages will be interested in locating here or worse, jobs will be lost to countries where educational investment has been maintained in times of austerity.

We urge the Executive to: think again before it is too late; not to implement this proposed budget; to move away from a short term approach to educational funding and to look internally as to how they value education and the contribution education makes within the wider economy.

Finally, we ask that there is immediate engagement with INTO as part of this consultation to attempt to find a better way forward. We urge the development of a broader economic and social strategy which places education centre stage in the interests of our entire society. It is vitally important that DE and the Executive as a whole come to appreciate the value of education more than the cost. There are no better words to conclude this response than the words of the first President of INTO, Vere Foster,

“A nation’s greatness depends upon the education of its people.”

With that comment, we commend this response to the Department of Finance and Personnel and the wider Executive.