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Public service spending in Scotland: trends and key issues



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Scottish Election Analysis Briefing Note 2

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Executive summary

Most public service spending in Scotland – including the vast majority of what is spent on health, education, social care, transport, public order and safety, environmental and rural affairs and housing – is devolved to the Scottish Government and Scottish local authorities. Spending on services that are largely devolved amounted to £41.6 billion in 2019–20, the most recent year for which data are available, according to the data underlying both the Scottish and UK governments’ public spending statistics. This equates to £7,612 per person in Scotland, which is around 27% higher than the £5,971 per person spent on those areas in England, and 13% higher than the £6,748 spent in Wales (where the population is older, poorer and sicker than in Scotland).

But how is this higher spending allocated across different services? How have these allocations changed over time? And how do a range of headline indicators of public service outcomes vary between Scotland and England?

Key findings

- 1 The high level of spending on (largely) devolved public services is explained by the high levels of block grant funding received by the Scottish Government from the UK Treasury – which does not depend on any needs assessment. In contrast, spending on benefits and tax credits is largely based on common eligibility criteria that apply across the UK – although the Scottish Government has increased the generosity of some types of benefits using its newly devolved powers. Benefit and tax credit spending per person was 6% higher than in England in 2019–20. Together with other non-devolved spending that can be directly attributed to Scotland, this means total identifiable public spending was 20% higher than in England in 2019–20.
- 2 The gap in spending per person between England and Scotland grew during the 2010s both for total identifiable public spending – from 16%

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in 2009–10 to 20% in 2019–20 – and for spending on largely devolved public services – from 21% to 27%. This largely reflects the impact of the Barnett formula (and a flaw in it up to 2015–16) during a period of austerity. However, the gap had been shrinking during the 2000s, partly as a result of the impact of the Barnett formula during a period of big spending increases, and partly as a result of bigger increases in spending funded by council tax in England. The gap in spending per person on largely devolved public services today is therefore similar to its 1999–2000 level. The gap in total identifiable public service spending per person is actually smaller than 20 years ago (23%) reflecting a decline in benefit entitlement in Scotland over this period.

- 3 Health spending is the largest area of public service spending in both Scotland and England. But it is a smaller share of overall identifiable public spending in Scotland: just under 22% as opposed to just over 25% in England. This reflects a trend going back 20 years of relatively smaller increases in health spending in Scotland than in England. Real-terms health spending per person in Scotland in 2019–20 was around two-thirds (68%) above its 1999–2000 level, compared with almost double (98% higher than) its 1999–2000 level in England. As a result, while health spending per person in Scotland was 22% higher than in England in 1999–2000, this gap had fallen to 10% by 2009–10, 7% in 2015–16 and 3% in 2019–20.
- 4 The continuation of this convergence in recent years is perhaps surprising given the Scottish Government's policy of passing on funding increases received as a result of increases in English NHS spending to the Scottish NHS. It also contrasts with the increases in funding for the health budget portfolio set out in the Scottish Government's budget (which since 2015–16, at least, have implied similar increases per person to those in England). In part, this may reflect the fact that a growing proportion of the health budget portfolio is allocated to other areas such as early years and social care services. But this factor seems unlikely to explain the discrepancy in full. Given the policy interest in this question, the Scottish Government should reconcile and explain the differences between its spending estimates and budget portfolio allocations.

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- 5 Notwithstanding this, it is mainly non-health services that benefit from higher levels of funding in Scotland. For example, official estimates show spending per person on education now being 28% higher than in England, up from just 5% higher in 2009–10. This reflects the fact that cuts in education spending are estimated to have been smaller in Scotland over the last 10 years: 5% versus 22%. Indeed, focusing on the period since 2015–16, education spending per person is estimated to have risen by 6% in Scotland (with the biggest increases for early years spending), but fallen by 6% in England. Importantly though, these official estimates do not include the expected cost of writing off unpaid student loans – which will be a much bigger issue for England than Scotland, given the tuition fees paid by English students. If these loan write-offs were taken into account, the gap in education spending would be smaller.
- 6 Spending on adult social services has also risen relative to England, and was 43% higher per person in 2019–20, compared with 30% higher in 2009–10 and 27% higher in 1999–2000. The widening of the difference is likely to reflect, at least in part, the Scottish policy of free personal care – extended to working-age adults in 2019. Other areas with relatively high levels of spending include: public order and safety (i.e. the courts and police and fire services), on which spending per person was 19% higher than in England in 2019–20, transport (39% higher), environmental protection (54% higher), recreation and culture (76% higher) and housing and community development (96% higher).
- 7 Comparing service quality between the nations of the UK is difficult because of a lack of comparable data. NHS waiting times are one exception. These show that prior to the COVID-19 crisis, the Scottish NHS was closer to meeting the target of admitting or discharging 95% of visitors to A&E within 4 hours (84% in December 2019) than the English NHS (80%). But it was less successful at treating patients within 18 weeks of referral for elective treatment (79% versus 83%).
- 8 Despite substantially higher levels of schools spending per pupil, Scottish secondary pupils do not outperform their English peers on international assessments. This is particularly evident in maths and science, where Scottish pupils' achievement has fallen over the last

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15 years while performance in England has held up to a much greater extent. And, despite substantially higher spending on higher education to underwrite tuition-free HE for undergraduates, the share of 18-year-olds entering HE has grown more slowly in Scotland than in England.

- 9 Compared with England, Scotland has prioritised early education to a greater extent than childcare, with no funded childcare programmes explicitly targeted at working families and much tighter means-testing on the offer for 2-year-olds. Following a COVID-related delay, the Scottish Government will double childcare entitlements for eligible children from August this year. In contrast to England, the Scottish Government has substantially increased per-hour funding to help providers with this transition, but delivering such a large expansion in early years entitlements will still pose challenges.

1. How much is spent on public services in Scotland?

The Scottish Parliament has responsibility for large parts of public spending. Devolved areas include the NHS, social care services, education, justice, housing and the police. Responsibility for some areas – such as defence, immigration services, and social security – is not devolved and remains with the UK Parliament in Westminster.¹

Total public expenditure for and on behalf of Scotland in 2019–20 was estimated to be £81.0 billion, according to the Scottish Government’s GERS publication (Government Expenditure and Revenue Scotland, 2020). This includes a population share of some areas of spending, such as overseas aid, defence and debt interest payments, which is incurred on behalf of the whole of the UK, including Scotland.

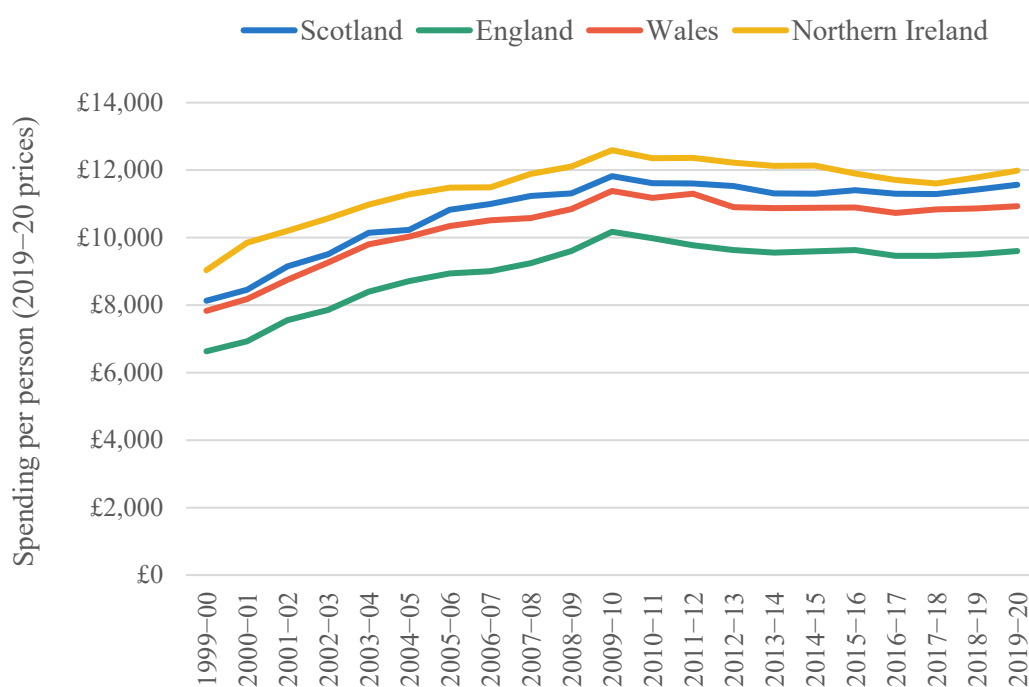
Total ‘identifiable’ public expenditure in Scotland – that is, spending flowing directly to Scottish beneficiaries, including both devolved and non-devolved areas – amounted to £63.2 billion in 2019–20, according to the UK government’s Country and Regional Analysis (CARA) publication (HM Treasury, 2020).² This is equivalent to £11,566 per person – a figure that is 16.9% higher than the UK average and 20.4% higher than spending per head in England. Figure 1.1 shows how total identifiable spending per person in each of the four nations of the UK has evolved since 1999–2000.

Note that this is not the same as Scottish Government *funding*, which does not include spending in Scotland by the UK central government. Recent work by IFS researchers has showed that total Scottish Government funding per person is more than 30% higher than what is provided to UK government departments for spending on comparable functions in England (Phillips, 2021). This bigger difference reflects the fact that the Scotland–England gap in spending on devolved public services is much greater than the gap in spending on non-devolved areas (e.g. most of social security) – an issue to which we will return later.

¹ Formally, the Scottish Government and Parliament have the power to pass legislation in any policy area except those areas reserved to the UK parliament and government. See Torrance (2020).

² This uses the same underlying data as the Scottish Government’s GERS publication.

Figure 1.1. Total identifiable expenditure per person



Note: Figures shown are for total identifiable expenditure per person, expressed in real terms (2019–20 prices).

Source: Authors' calculations using HM Treasury Country and Regional Analysis 2020, HM Treasury March 2021 GDP deflators, ONS country and regional public finances expenditure tables, and ONS mid-year population estimates.

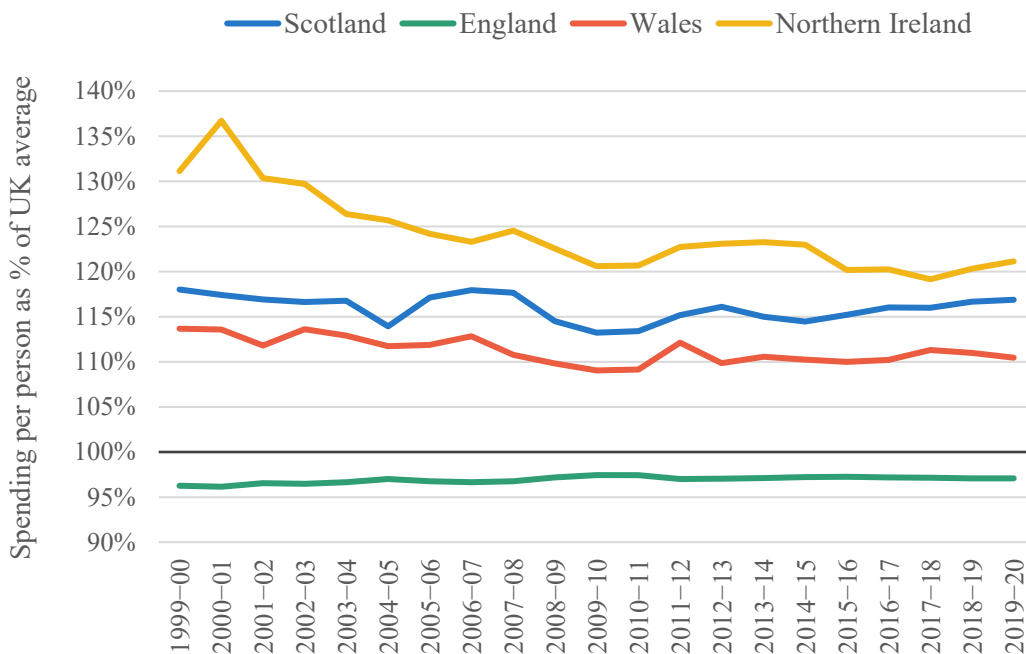
Over the course of the 2000s, total identifiable spending per person in Scotland increased steadily, at an average real-terms rate of 3.8% per year between 1999–2000 and 2009–10. Because Scottish spending grew at a slower rate than spending in England (4.4% per year), and thus than in the rest of the UK, spending per head in Scotland fell from 118.0% of the UK average to 113.2% over that period. This is shown in Figure 1.2.

The fact that the relative spending gap between Scotland and the rest of the UK narrowed over the 2000s, when overall spending was increasing, is partly due to a process called the 'Barnett squeeze'. This occurs because of a feature of the Barnett formula, which determines year-on-year changes in the block grant by allocating the Scottish Government its population share of the increase in spending in England. But because funding per person is higher in Scotland to begin with, the

same £ increase in funding per head equates to a smaller % increase, and the relative spending gap between Scotland and England narrows over time.³

Other factors explaining this convergence include a decline in relative levels of benefit spending,⁴ and smaller increases in council tax (and the spending it funds) in Scotland.⁵

Figure 1.2. Total identifiable spending per person as a share of the UK average



Note and source: As for Figure 1.1.

Since 2009–10, spending per person has fallen across all parts of the UK, but spending in Scotland has fallen by less than in England, Wales and Northern Ireland (an average real-terms cut of 0.2% per year in Scotland, versus 0.6% per year in England, 0.4% in Wales and 0.5% in Northern Ireland). As a result, spending per head in Scotland increased from 113.2% of the UK average in 2009–10 to 116.9% in 2019–20. This is the converse of the ‘Barnett squeeze’: when spending in

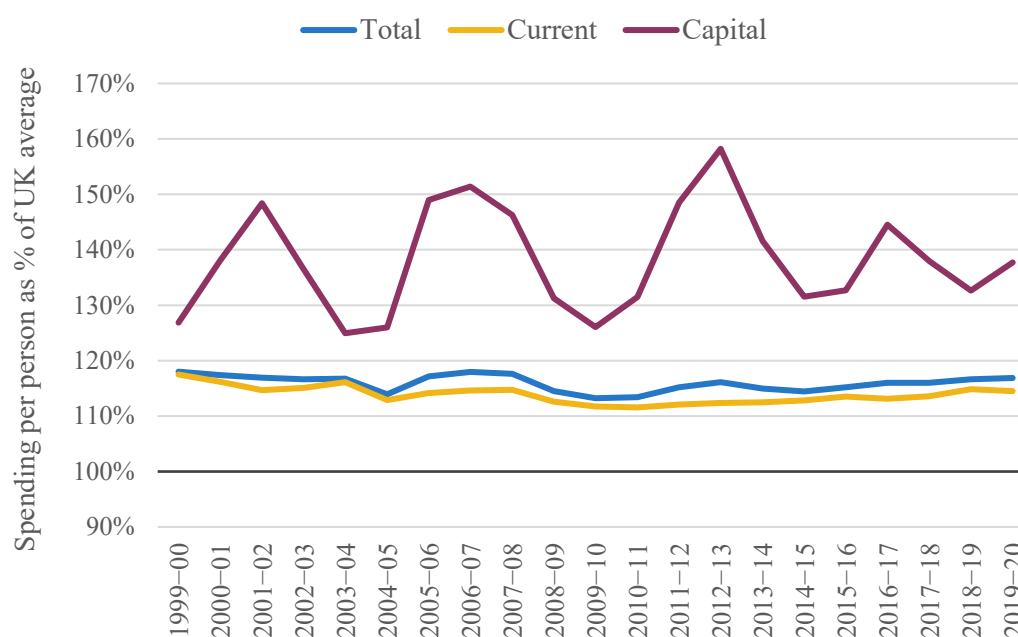
³ As discussed in Phillips (2021), slower population growth in Scotland can offset this ‘squeeze’.

⁴ See Phillips (2013).

⁵ The average Band D council tax rate increased by 35% in Scotland between 1999–2000 and 2009–10, compared with 77% in England. See Institute for Fiscal Studies (2020).

England was being cut, Scotland's population share of those cuts represented a smaller percentage of its initial funding level. It also reflects the fact that up to 2015–16, there was a flaw in the way the Barnett formula treated business rates revenues for Scotland and Northern Ireland, which meant that the Scottish Government avoided at least £600 million of cuts that it would otherwise have faced.⁶

Figure 1.3. Current and capital identifiable spending per person in Scotland as a share of the UK average



Note and source: As for Figure 1.1.

Scotland stands out in particular for its higher level of capital spending. This includes investment in government assets – things such as roads, bridges and buildings. While current (or day-to-day) spending in Scotland has been, on average, 14% higher than the UK average over the past 20 years, capital spending per head has been 38% higher (Figure 1.3).⁷ Over that same period, capital spending per

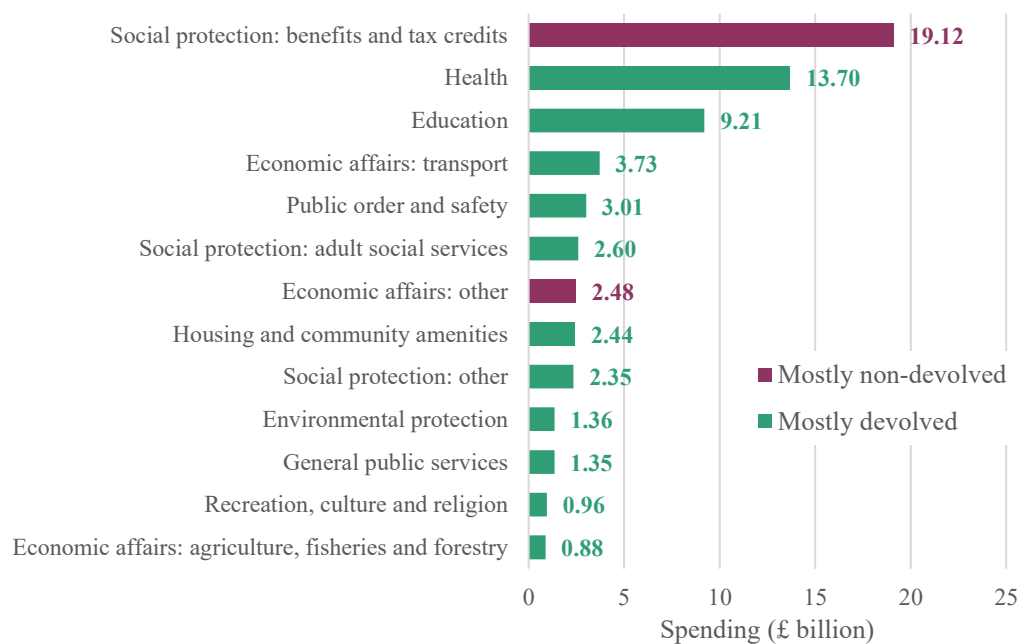
⁶ For a discussion, see Phillips (2014).

⁷ This in part reflects higher capital expenditure on water supply, which is a public sector function in Scotland (due to public ownership of Scottish Water) but not in England. If this category of spending is excluded, identifiable capital expenditure per person in Scotland was, on average, around 30% higher than the UK average between 1999–2000 and 2019–20, and 51% higher than the average for the English regions outside of London.

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person in Scotland has been 62% higher than the average for the English regions outside of London, 92% higher than in the East Midlands and 80% higher than in the South West of England.

Figure 1.4. Total identifiable expenditure in Scotland, 2019–20



Note: Figures refer to total identifiable expenditure in Scotland (total of £63.2 billion). 'Adult social services' is defined here as total spending on personal social services, less the family & children and unemployment components. Benefits and tax credits is defined as identifiable benefit expenditure (from DWP), plus spending by HMRC on child benefit, personal tax credit, guardian's allowance, universal credit, tax-free childcare, Saving Gateway and child trust funds, plus spending by the Scottish Government on social security, social exclusion, social protection and community justice. Because it is not possible to precisely identify devolved and non-devolved expenditure, some items within 'mostly devolved' will be reserved matters, and some items within 'mostly non-devolved' will in fact be devolved.

Source: HM Treasury Country and Regional Analysis 2020; DWP benefit expenditure and caseload tables 2020; ONS mid-year population estimates.

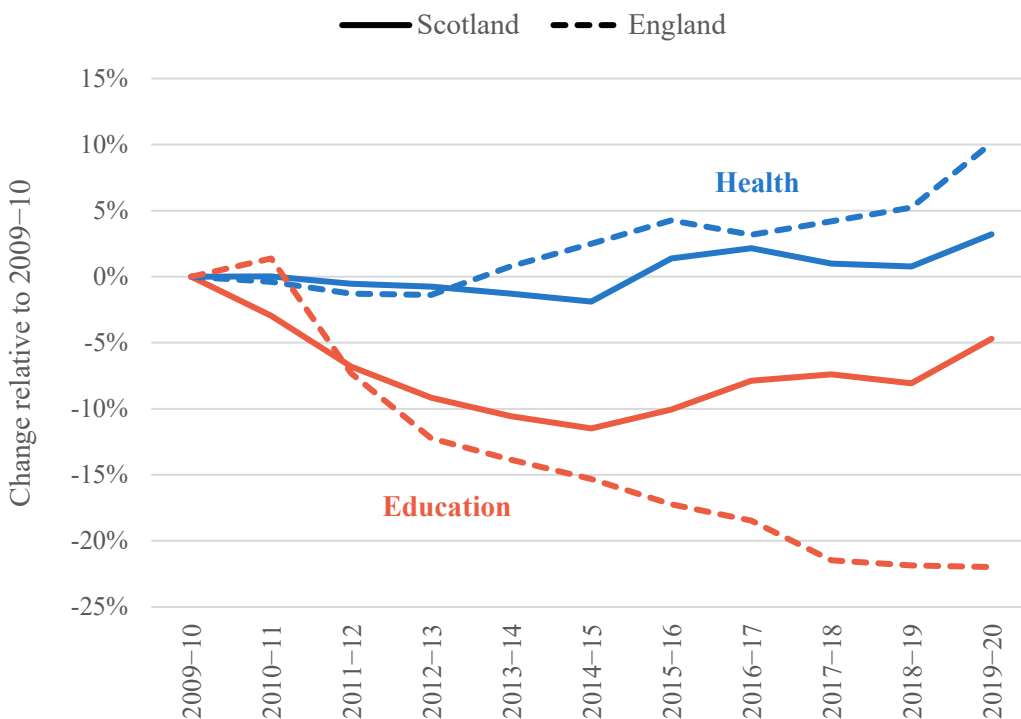
Figure 1.4 provides a breakdown of how the £63.2 billion of identifiable expenditure in Scotland was allocated between different areas in 2019–20. The largest component, spending on benefits and tax credits, is largely a non-devolved matter: decisions over pensioner and working-age benefits are made for the most part by the UK government (although some are devolved, as discussed in Adam and

Phillips (forthcoming)). Similarly, much ‘economic affairs’ spending (on employment policies, and science and technology, for instance) is non-devolved. We classify the remaining categories of spending – which totalled some £41.6 billion in 2019–20 – as ‘mostly devolved’. These include spending on health (£13.7 billion), education (£9.2 billion), transport (£3.7 billion), public order and safety (which includes spending on the police, fire service and justice system; £3.0 billion) and adult social services (broadly equivalent to adult social care; £2.6 billion).

2. How has spending on different services fared?

Table 2.1 provides a detailed breakdown of how spending on various areas has evolved in Scotland and England over time. In each of these categories, spending per head is higher in Scotland than in England. The data also show that the Scottish Government has chosen to prioritise different areas.

Figure 2.1. Real-terms spending per person on health and education

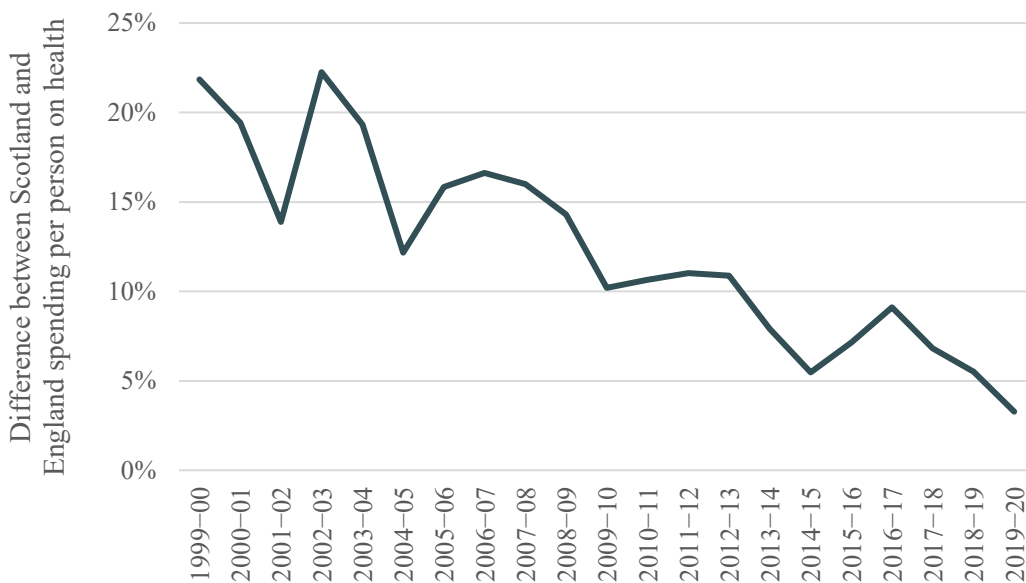


Source: As for Table 2.1.

For instance, while per-person spending on health is higher in Scotland than in England, GERS and CARA data suggest that the Scottish Government has prioritised the health budget to a lesser extent than has the Westminster government since 2010. Estimated real-terms health spending per head increased by 3.2% in Scotland between 2009–10 and 2019–20 (from £2,429 to £2,507); the equivalent figure for England was 10.1% (from £2,204 to £2,427). This is illustrated in Figure 2.1.

The consequence has been a dramatic convergence in estimated health spending per person over the past two decades. In 1999–2000, estimated health spending per person in Scotland was 22% higher than in England. This gap had fallen to 10% by 2009–10, 7% in 2015–16 and just 3% in 2019–20 (Figure 2.2).

Figure 2.2. Difference between health expenditure per person in Scotland and England



Note: A positive figure indicates that spending per person was higher in Scotland than in England.

Source: As for Table 2.1.

The continuation of this convergence in recent years is perhaps surprising given that the Scottish Government has had a policy of allocating the Barnett consequentials that arise from increases in NHS spending in England to the Scottish NHS. It also contrasts with the impression one gets from looking at figures reported in the

Scottish Government's budget and consolidated financial accounts. These show spending on its health portfolio increasing by 8% per person in real terms between 2015–16 and 2019–20, compared with 2% according to the figures reported in GERS and CARA which are the focus of this briefing note. This is likely to reflect, in part, the fact that the health budget portfolio includes funding for other activities that in GERS and CARA are classified as non-health spending, such as for early years support (for example, baby boxes) and social care services. These are a growing share of the overall health budget portfolio, but not to a sufficient extent to explain the gap between budget and GERS/CARA data. Given the salience of the commitment to pass on funding received via the Barnett formula to the Scottish NHS, the Scottish Government should look to reconcile and explain the differences between these different data.

Notwithstanding these issues, it is clear that the Scottish Government has placed relatively more priority on spending in other areas – including education. This reflects policy priorities, such as the lower levels of tuition fees for Scottish students at Scottish universities and more generous funding for early years provision. Figure 2.1 shows that over the decade to 2019–20, per-person spending on education fell by an estimated 4.7% in Scotland (from £1,768 to £1,685); in England, it fell by a much larger 22.0% (from £1,690 to £1,319).⁸ Spending on education accounts for a greater share of total spending in Scotland than in England as a result (14.6% versus 13.7%).

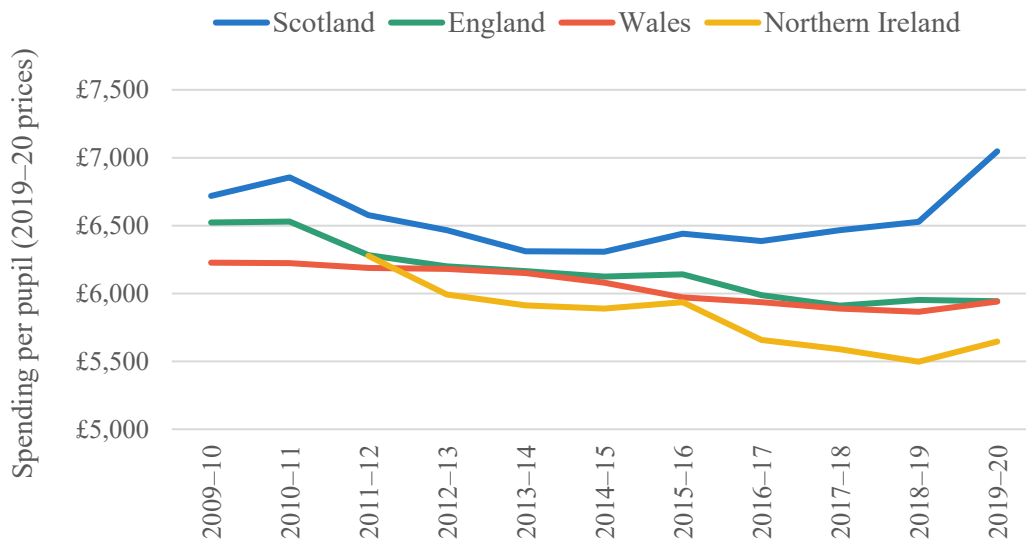
These differences are reflected across the educational system. In the early years, Scotland provides a system of early learning and childcare that is much more reliant on local authority nurseries than on the private sector providers that are more common in England (see Box 3.1, later in this briefing note, for more discussion of differences in early learning and childcare policies).

In the higher education sector, Scotland has chosen to exempt Scottish undergraduate students attending Scottish universities from tuition fees. This leads

⁸ Note that the substantial reduction in this measure of education spending in England was largely driven by changes to higher education funding, and in particular by the decision to increase the cap on university tuition fees from £3,000 to £9,000 in 2012. The reduction in the long-run government contribution to spending on higher education will be considerably smaller than is implied by these figures; see Belfield, Farquharson and Sibieta (2018) for a discussion. It nonetheless remains true to say that the Scottish Government has prioritised education spending to a greater extent than has its Westminster counterpart.

to much greater up-front government spending on higher education. However, the eventual gap will be smaller, since student loan write-offs mean that the government is forecast to pick up around half of the tab for English students' large loans, on average (Britton et al., 2020). In contrast, the government is expected to eventually pick up only around one-third of the tab for Scottish students' smaller overall loans (Audit Scotland, 2020a). These expected write-offs are not included in official estimates of education spending.

Figure 2.3. School spending per pupil across the UK nations, 2019–20 prices



Source: Figure 3.10 of Sibieta (2020).

Even in the school system, where on paper Scotland's offer looks more similar to England's, Scottish funding far outstrips spending in the other nations of the UK. Figure 2.3 shows that per-pupil spending in Scotland has consistently been the highest in the UK. This gap has grown in recent years, when funding has increased markedly in Scotland but been broadly flat in England and Wales (after falling during the early-to-mid 2010s). By 2019–20, per-pupil school spending in Scotland stood at over £7,000, compared with just under £6,000 in England and Wales (and even less in Northern Ireland).

Spending on adult social services has also risen relative to England, and was 43% higher per person in 2019–20, compared with 30% higher in 2009–10 and 27% higher in 1999–2000. The widening of this gap is likely to reflect, at least in part,

the introduction of free personal care for the elderly in 2002 by the then Scottish Labour government and the extension of this to working-age adults in 2019 by the current SNP government.

Other areas with relatively high levels of spending include: public order and safety (i.e. the courts and police and fire services), on which spending per person was 19% higher than in England in 2019–20, transport (39% higher), environmental protection (54% higher), recreation and culture (76% higher) and housing and community development (96% higher). Scotland's higher level of spending on public order and safety was driven by the police (28% higher than in England) and fire services (76% higher), rather than the courts system (6% higher) and prisons (4% lower). Higher spending on transport was largely driven by day-to-day spending (82% higher), rather than capital investment (17% higher), and by spending on national roads (55% higher) and local roads (69% higher), rather than on railways (5% higher). But the biggest difference is for spending on 'other transport', which is over five times higher per person, at least in part due to subsidies for air and boat services to Scotland's many islands.

In contrast to spending on public services, spending on social security benefits is only around 6% higher per person than in England (see Box 2.1).

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Table 2.1. Spending on selected functions in Scotland and England

		Spending per person (£, 2019–20 prices)			Share of total identifiable expenditure (%)		
		1999–2000	2009–10	2019–20	1999–2000	2009–10	2019–20
Total identifiable expenditure	Scotland	£8,130	£11,821	£11,566	-	-	-
	England	£6,631	£10,173	£9,604	-	-	-
Health	Scotland	£1,494	£2,429	£2,507	18.4%	20.5%	21.7%
	England	£1,226	£2,204	£2,427	18.5%	21.7%	25.3%
Education	Scotland	£1,280	£1,768	£1,685	15.7%	15.0%	14.6%
	England	£1,043	£1,690	£1,319	15.7%	16.6%	13.7%
Adult social services	Scotland	£245	£468	£476	3.0%	4.0%	4.1%
	England	£193	£360	£333	2.9%	3.5%	3.5%
Public order and safety	Scotland	£417	£575	£551	5.1%	4.9%	4.8%
	England	£370	£610	£463	5.6%	6.0%	4.8%
Transport	Scotland	£220	£672	£682	2.7%	5.7%	5.9%
	England	£196	£416	£489	3.0%	4.1%	5.1%

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Table 2.1 continued

		Spending per person (£, 2019–20 prices)			Share of total identifiable expenditure (%)		
		1999–2000	2009–10	2019–20	1999–2000	2009–10	2019–20
Environmental protection	Scotland	£237	£290	£250	2.9%	2.5%	2.2%
	England	£99	£187	£162	1.5%	1.8%	1.7%
Recreation, culture and religion	Scotland	£266	£268	£176	3.3%	2.3%	1.5%
	England	£181	£145	£100	2.7%	1.4%	1.0%
Housing and community development	Scotland	-	£332	£352	-	2.8%	3.0%
	England	-	£290	£180	-	2.8%	1.9%
Social security	Scotland	-	£3,642	£3,499	-	30.8%	30.3%
	England	-	£3,462	£3,294	-	34.0%	34.3%

Note: 'Adult social services' is defined here as total spending on personal social services, less the family and children and unemployment components. This falls within the overall 'social protection' function. 'Social security' is defined as identifiable benefit expenditure (from DWP), plus spending by HMRC on child benefit, personal tax credit, guardian's allowance, universal credit, tax-free childcare, Saving Gateway and child trust funds, plus spending by the Scottish Government on social security, social exclusion, social protection and community justice. This measure of social security spending is not available for 1999–2000. 'Housing and community development' is defined as identifiable spending on housing and community amenities, less spending on water supply. This measure of spending is also unavailable for 1999–2000.

Source: Authors' calculations using HM Treasury Country and Regional Analysis (various), HM Treasury Public Expenditure Statistical Analyses (various), ONS country and regional public finances expenditure tables, DWP benefit expenditure and caseload tables 2020, ONS mid-year population estimates, and HM Treasury March 2021 GDP deflators.

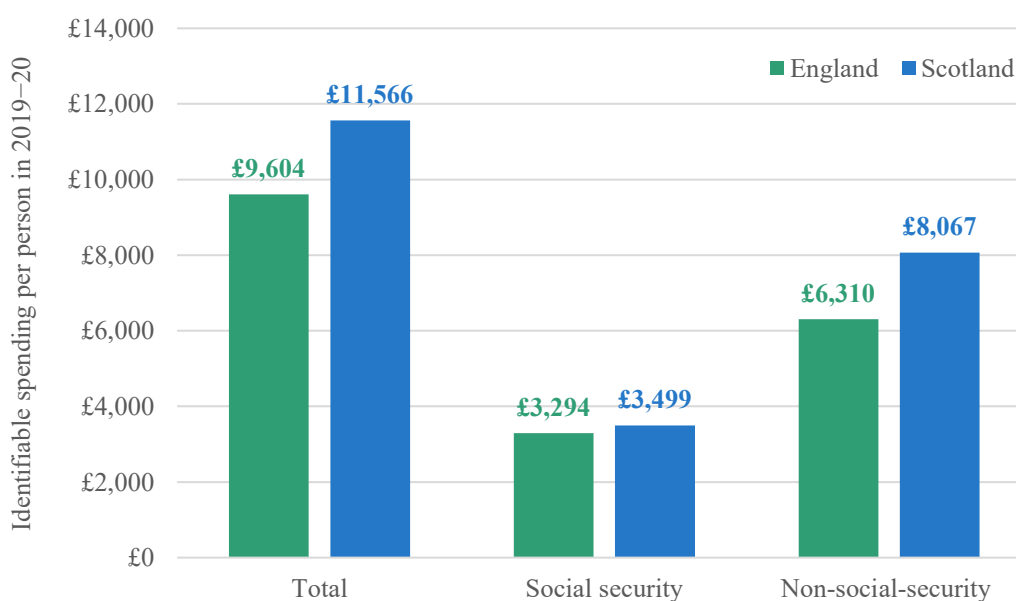
Box 2.1. Social security spending

The majority of social security benefits are not devolved and are reserved to the UK government.^a It is therefore an interesting and informative exercise to compare the Scotland–England spending gap on social security with the gap on other (mostly devolved) areas.

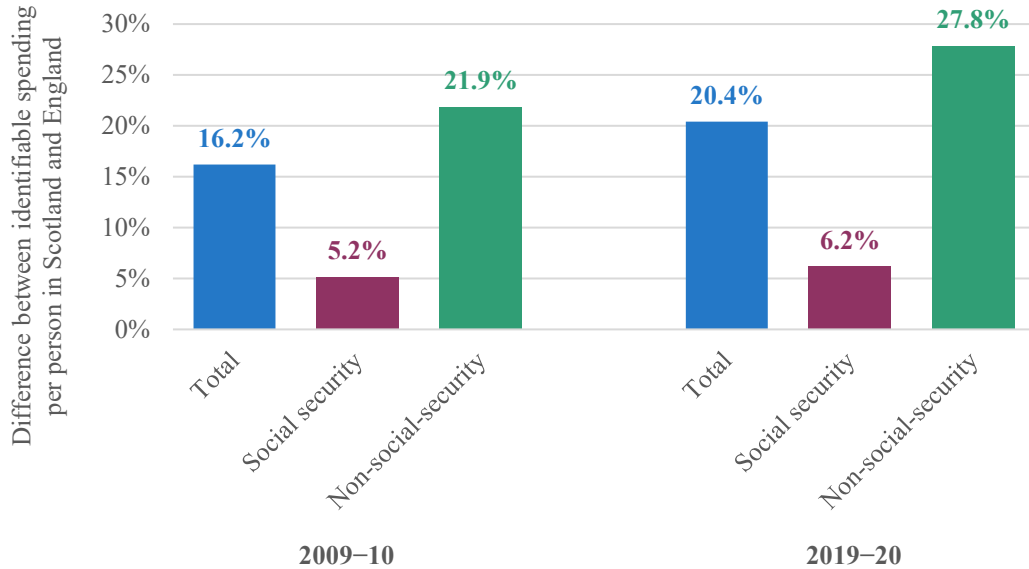
As noted earlier, total identifiable spending per person in Scotland in 2019–20 was 20.4% higher than in England (£11,566 versus £9,604). Figures 2.4 and 2.5 show that within the total, social security spending per person was just 6.2% higher (£3,499 versus £3,294). Higher social security spending in Scotland largely reflects differences in the socio-economic and demographic characteristics of Scotland compared with England. It is notable, however, that most of the Scotland–England spending gap comes from non-social-security spending, which was 27.8% higher in 2019–20 (£8,067 versus £6,310), up from 21.9% in 2009–10.

In other words, the gap in spending between Scotland and England comes largely from public services that have been devolved. That higher spending is funded almost entirely by higher block grant funding from the UK government, rather than the Scottish Government’s use of its new tax powers (Phillips, 2021).

Figure 2.4. Identifiable spending per person in England and Scotland, 2019–20



Source: As for Table 2.1.

Figure 2.5. Relative spending gap between Scotland and England, 2009–10 and 2019–20

Note: A positive figure indicates that spending per person was higher in Scotland than in England.

Source: As for Table 2.1.

^a There are exceptions to this, and the devolution of powers over social security is an ongoing process – see Mackley and McInnes (2020) for a discussion.

3. Have differences in funding translated into differences in service quality?

The previous section showed that in virtually all areas of government, per-person spending is higher in Scotland than in England. In part, this reflects different patterns of need. For instance, the Scottish population is, on average, in worse health than the English population, so we would expect health spending to be higher in Scotland than in England. But part of the difference reflects policy choices, and decisions taken by the devolved administration over how those services should be organised and operated.

A detailed comparison of the quality of public services in Scotland and other parts of the UK is beyond the scope of this briefing note.⁹ Instead, we focus on just a small number of indicators in two high-profile areas: the NHS and education.

NHS waiting times

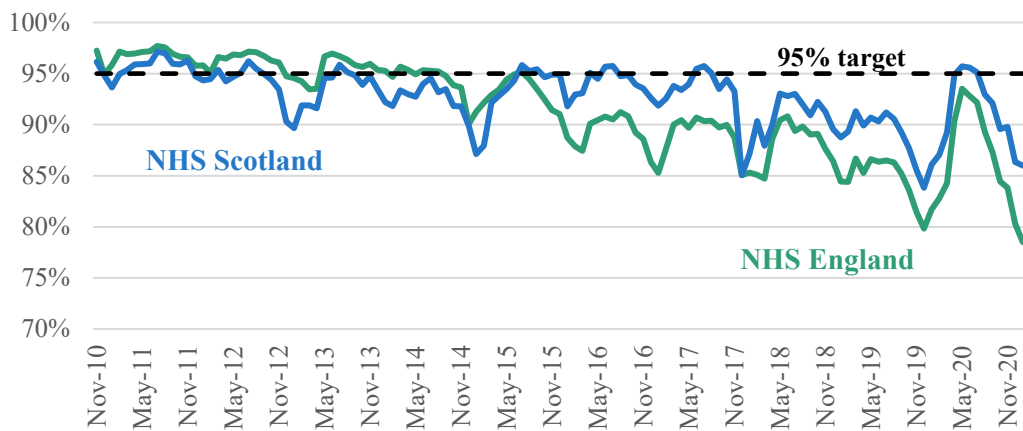
Figure 3.1 compares the percentage of patients waiting 4 hours or longer in Accident & Emergency (A&E) in Scotland and England. Broadly speaking, the English NHS outperformed the Scottish NHS on this metric between the start of 2011 and the middle of 2015. Since then, both systems have struggled to meet the target of 95% of patients waiting 4 hours or less, but the Scottish NHS has been closer to meeting that target than has the English NHS. In January 2021, the most recent month for which data are available at the time of writing, 86.0% of patients in Scotland were seen within 4 hours, versus 78.5% in England.

Figure 3.2 examines a different NHS performance metric: the percentage of patients being treated within 18 weeks of referral. From 2011 until the eve of the pandemic, performance in both systems was declining on this measure (the share of patients treated within 18 weeks was falling). However, the NHS in England was clearly performing better: in February 2020, 80.9% of patients in England were treated within 18 weeks, versus 77.4% in Scotland. Since the onset of the pandemic, waiting times in both systems at first sharply lengthened, as resources have been devoted towards treating coronavirus patients. The data suggest that waiting times increased by a similar amount in both countries. However, the data for Scotland since March 2020 are incomplete, and so the most recent data should be interpreted with caution. Moreover, COVID-19 caseloads and deaths have been lower in Scotland than in England, potentially displacing less non-COVID-19 health service activities.¹⁰

⁹ For a detailed analysis and discussion of the performance of the NHS, schools and social care in the four nations, see Atkins et al. (forthcoming).

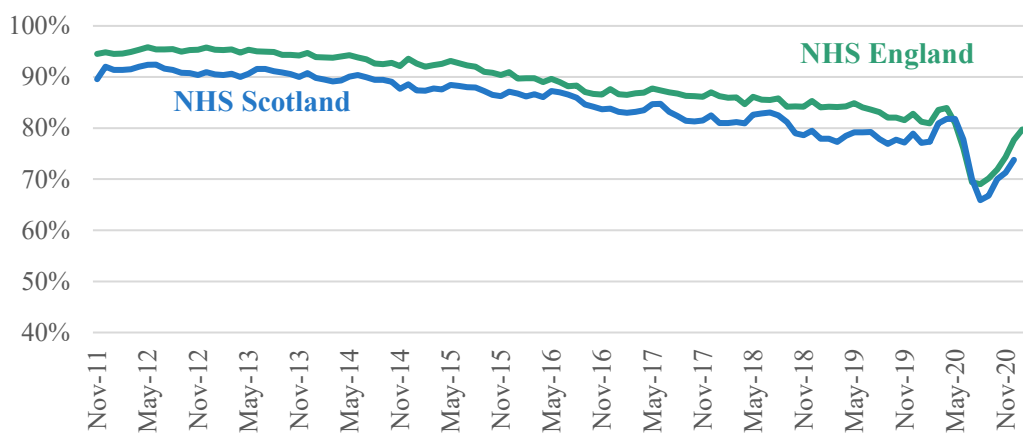
¹⁰ The official coronavirus data dashboard (<https://coronavirus.data.gov.uk/details/cases>) reports that as of 7 April 2021, 4.0% of Scottish residents have received a positive COVID-19 test result at some stage, compared with 6.8% of English residents. According to death certificates, there have been 181 deaths per 100,000 Scottish residents, compared with 227 per 100,000 English residents.

Figure 3.1. Percentage of Accident & Emergency patients seen within 4 hours



Source: NHS England, A&E Attendances and Emergency Admissions, Monthly A&E Time Series February 2021, <https://www.england.nhs.uk/statistics/statistical-work-areas/ae-waiting-times-and-activity/ae-attendances-and-emergency-admissions-2020-21/>; Public Health Scotland, A&E Activity and Waiting Times March 2021, <https://beta.isdscotland.org/find-publications-and-data/health-services/hospital-care/ae-activity-and-waiting-times/>.

Figure 3.2. Percentage of patients treated within 18 weeks



Note: Figures refer to the percentage of referral-to-treatment pathways completed within 18 weeks, as per the NHS standard. Figures for NHS Scotland between March 2020 and December 2020 exclude NHS Lothian and NHS Grampian, for which figures are unavailable.

Source: NHS England, Consultant-Led Referral to Treatment Waiting Times Data 2020-21, <https://www.england.nhs.uk/statistics/statistical-work-areas/rtt-waiting-times/rtt-data-2020-21/>; Public Health Scotland, NHS Waiting Times - 18 Weeks Referral to Treatment, <https://beta.isdscotland.org/find-publications-and-data/healthcare-resources/waiting-times/nhs-waiting-times-18-weeks-referral-to-treatment/>.

From this, we can conclude that in recent years, the NHS in Scotland has performed a bit better on A&E waiting times, and the NHS in England has performed a bit better on waiting times for elective treatment. This is, of course, far from a comprehensive comparison of NHS performance in England and Scotland. But it suggests that neither system is by far-and-away the higher-quality health service.

We showed earlier that health spending per person is higher in Scotland than in England, though this gap has been narrowing over time as spending in England increases at a faster rate. Something similar has been happening to NHS staffing: Scotland enjoys higher levels of full-time-equivalent NHS staff per 1,000 population than does England, but while staffing has been increasing in England since 2015, it has remained constant in Scotland (NHS Pay Review Body, 2020). This again suggests a greater priority placed on the NHS by the UK government. But it also points to a broader point. Despite its greater levels of inputs (in terms of spending and staffing), the NHS in Scotland delivers similar – and in some cases worse – outcomes than its English counterpart.

Education

As discussed earlier, Scotland also outspends England on education – although student loan write-offs mean that in the long run, the difference will not be as large as implied by the official spending estimates. In this subsection, we examine some of the outcomes that Scotland achieves at different stages of education.

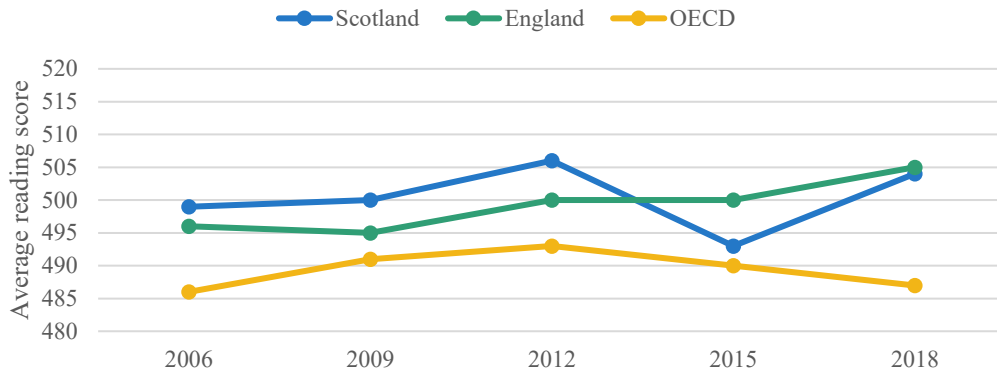
In Box 3.1, we explore some of the differences between Scotland and England in their early years policy. Early years policy broadly aims to support children’s development and to help parents to work. Overall, Scotland’s system is more targeted at the first of these aims, while the English system includes elements that are explicitly aimed at working parents. While the expansion of free childcare entitlements in Scotland has tended to lag behind that in England, from August this year Scotland’s system will match or exceed the English offer for most children.

Within the school system, it is easier to evaluate children’s outcomes. Despite higher spending throughout the education system, as Figure 3.3 shows, the relative performance of Scottish and English 15-year-olds in international assessments does not show Scottish students outperforming their English peers. In reading, Scottish pupils’ performance has been broadly in line with England’s since the mid 2000s. However, in more recent years, a gap between the two countries has opened up in

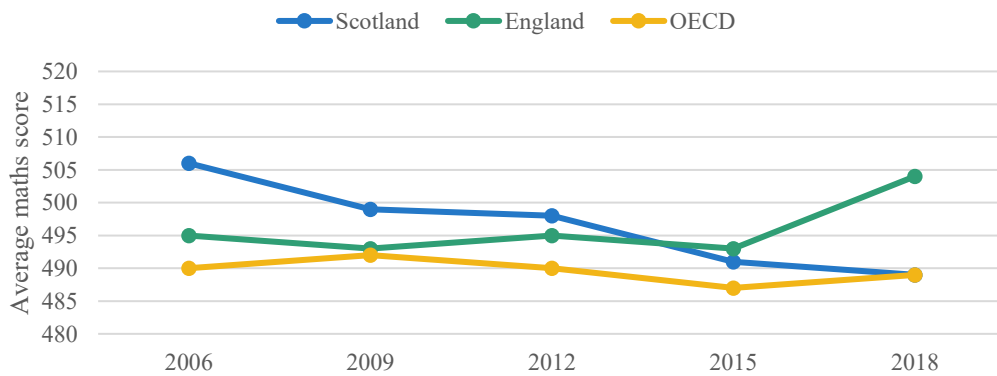
maths, with Scottish pupils achieving in line with the OECD average while English pupils perform substantially better.

Figure 3.3. Performance of 15-year-olds on PISA tests

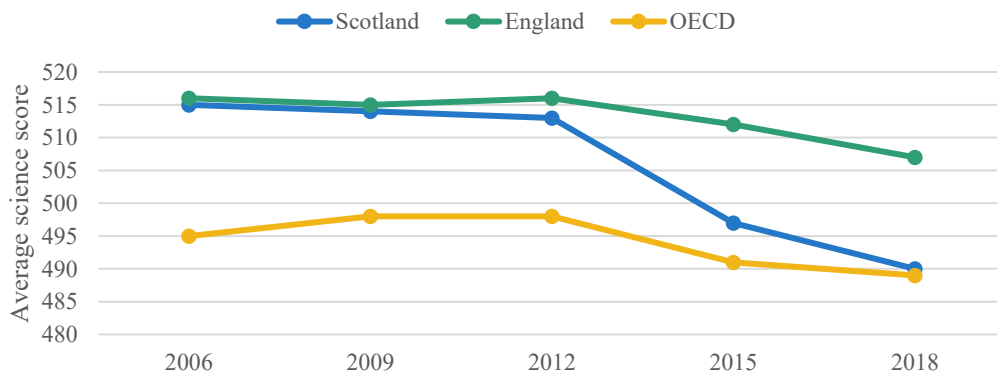
Panel A: Reading scores of 15-year-olds



Panel B: Maths scores of 15-year-olds

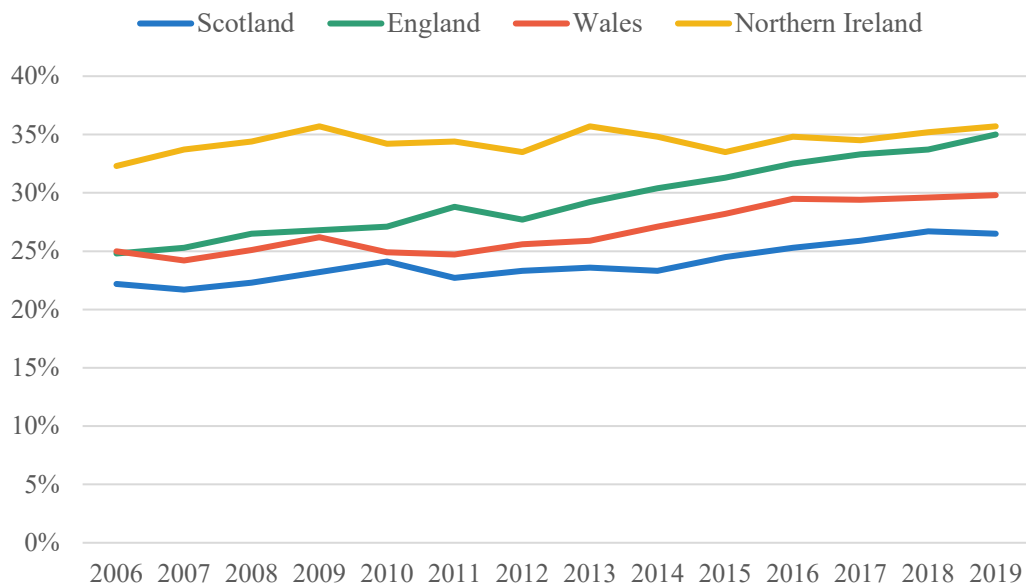


Panel C: Science scores of 15-year-olds



Source: Data from the Programme of International Student Assessment, successive years.

Figure 3.4. Share of 18-year-olds entering higher education



Note: From 2010, the figures for all countries include nursing and midwifery candidates. A change in classifications in 2015 means that Scottish candidates for undergraduate teacher training are included from this point onwards.

Source: Figure 7.1 of UCAS (2019).

This pattern is even stronger in science: in the mid 2000s, both Scotland and England substantially outperformed the OECD average. Since then, Scottish pupils' performance has fallen down to the OECD average level, while English pupils continue to achieve substantially better results.

It is also not obvious that Scotland outperforms England in common metrics of higher education access. Figure 3.4 shows the share of 18-year-olds in the different UK nations entering higher education. In the mid 2000s, 22% of Scottish 18-year-olds went on to higher education at a higher education institution; this has risen slightly to 26% in 2019. But over the same period, overall participation rates by

English 18-year-olds rose from 25% to 35%.¹¹ The gap between the share of more and less disadvantaged students attending university is also wider in Scotland than in the other UK nations (Blackburn et al., 2016), with the most recent figures showing that 13% of 18-year-olds in the poorest fifth of Scotland entered university in 2019, compared with 43% of those in the least deprived fifth (UCAS, 2019).¹²

Box 3.1. Funded early learning and childcare

One area where the Scottish Government has made considerable use of its devolved powers is in childcare and early years education provision. Scotland offers a range of early years programmes, including ‘baby boxes’ for parents of newborns, support through Sure Start for children aged 0–3 and a national childcare strategy. In other areas, such as childcare subsidies through the tax and benefit system, policy is set for the whole of the UK by the UK government.

Eligibility for funded early education and childcare

One of the most visible parts of early years policy is the entitlement to a funded childcare place (in Scotland, this is known as early learning and childcare; in England, it is called the free entitlement to early education). These entitlements have increased substantially over the last 20 years; as Figure 3.5 shows, 3- and 4-year-olds in Scotland are currently entitled to 600 hours a year of funded early education. This will rise to 1,140 hours from August of this year (30 hours per week if taken over 38 term-time weeks). In England, this ‘30-hour’ entitlement has been in place since 2017, but only for children in families where both parents (or the single parent) are in work.

There are more differences in the eligibility rules for 2-year-olds. In England, 2-year-olds in the 40% most disadvantaged families have been entitled to 570 hours a year of early education since 2013–14. In Scotland, following successive extensions, it is roughly the

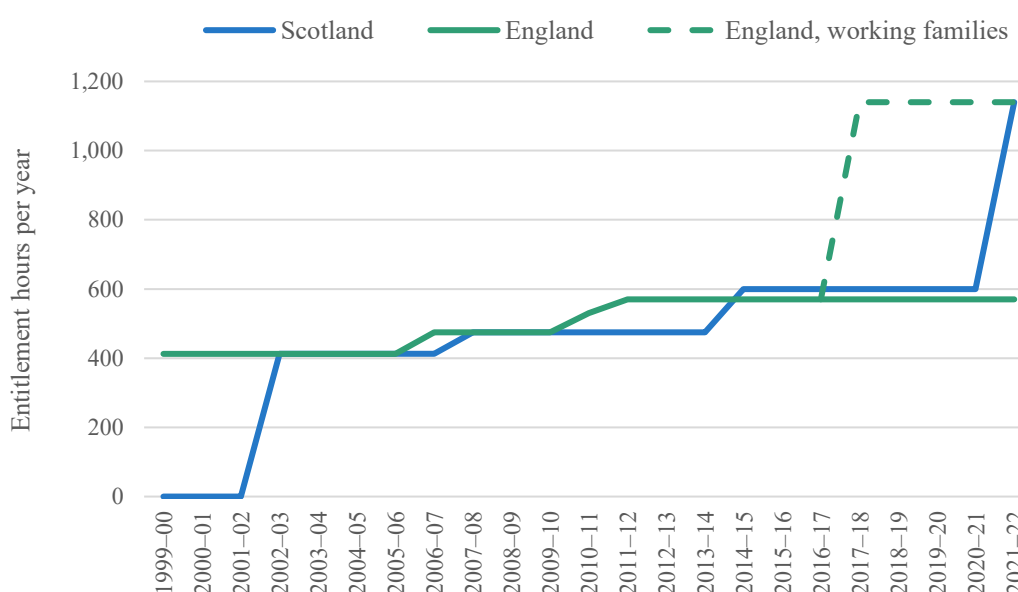
¹¹ Importantly, the figures for England include 18-year-olds applying to higher education courses in colleges, while the figures for Scotland exclude sub-degree programmes in colleges. However, while these differences will make the *level* of participation less comparable across countries, Blackburn et al. (2016) conclude that Scotland is on a different *trend* from England.

¹² This gap is likely to be partly driven by the different coverage of the figures for England and Scotland, since the college route accounts for a greater share of higher education starts among disadvantaged students. However, Blackburn et al. (2016) conclude that these data differences explain only part of the wider gap in Scotland.

most disadvantaged 25% of 2-year-olds who are eligible. However, from August, this group will be entitled to twice as much early education as the larger group in England.

There are also differences in how these programmes are delivered. Take-up of funded childcare is close to universal among 3- and 4-year-olds in both countries, but local-authority-run nurseries play a much larger role in the Scottish childcare sector, with around two-thirds of 4-year-olds registered with a local authority nursery.^a

Figure 3.5. Change in funded childcare entitlement for 3- and 4-year-olds



Note: Working families in England include families where both parents (or the single parent) are in work, earning at least the equivalent of 16 hours per week at the applicable minimum wage, with neither parent earning more than £100,000 per year. Figure considers entitlement to funded childcare (free entitlement in England, early learning and childcare in Scotland) but does not incorporate additional childcare subsidies (e.g. through the tax and benefit system or Sure Start). Entitlements are presented on an annual basis, though in practice families were restricted in how they could take up this entitlement in some years.

Source: Scottish Government, 2016; Britton et al., 2020.

Taken together, this suggests that the Scottish early years system has prioritised early education (to support children's development) rather than childcare (to help parents to work). Relative to England, the Scottish system targets a smaller group of the most disadvantaged 2-year-olds, and its universal offer for 3- and 4-year-olds means it does not offer any additional hours to working parents. Delivering more of this provision through local authority nurseries may also mean that the Scottish system delivers a higher quality of

early education, though much depends on the specific nature of provision. Certainly, evaluations of the part-time entitlement in England found only modest benefits for children's education and linked this to the role of the private sector in delivering the entitlement (Blanden et al., 2016).

Challenges to the expansion of early learning in Scotland

The extended early learning entitlement in Scotland was initially due to start in August 2020, but has been delayed by a year to help councils cope with the impact of the COVID-19 pandemic. Nevertheless, Audit Scotland (2020b) has found that many councils have already started to introduce an extended entitlement, with around 40% of soon-to-be eligible children already receiving more than 600 hours of funded early education in September 2019.

However, the introduction of the 1,140-hour entitlement could put greater pressure on the early years sector. The National Day Nurseries Association (2018) has found that almost 80% of its members were unable to cover their costs for 3- and 4-year-olds with the funding rate they received. Extending the funded entitlement will put pressure on their ability to cross-subsidise from privately funded hours above the free entitlement. The Scottish Government has taken some steps to alleviate these issues: Audit Scotland's 2020 report notes that hourly funding rates rose by 26% between 2017–18 and 2019–20. (By contrast, in England they were essentially flat in cash terms over this period (Britton et al., 2020).)

Even so, childcare settings are being asked to do more than provide additional hours: the Scottish Government is also rolling out universal free meals for children in early years settings (with additional funding). And the Scottish Government has pledged that all providers delivering the full entitlement must pay their staff the Scottish Living Wage from 2020, which will put further pressure on a sector where wage costs make up about 70% of expenses.

Overall, compared with the English experience of rolling out the 30-hour entitlement to working families, the Scottish Government has engaged with these challenges more proactively and has done more to address pressures through raising the funding rate. But this does not necessarily mean that the roll-out will go smoothly, particularly in a sector that has already been hard hit by the pressures of trying to remain open during the pandemic.

^a Source: Supporting table 1b of Care Inspectorate childcare statistics 2019 (<https://www.careinspectorate.com/index.php/statistics-and-analysis>).

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