

EDUCATION & YOUTH OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Thursday 27 th September 2018
Report Subject	Teachers Pay Award 2018
Cabinet Member	Cabinet Member for Education & Youth
Report Author	Chief Officer, Education & Youth
Type of Report	Operational

EXECUTIVE SUMMARY

Currently the UK Government's Secretary of State for Education has responsibility for setting pay and conditions for teachers in both England and Wales. The Wales Act 2017 will transfer this responsibility to Welsh Ministers who will set the pay award from September 2019.

In July the Secretary of State announced the teachers' pay award for the academic year 2018/19 and made reference to the award being fully funded in England. There was however, no mention of Wales which provoked considerable discussion between Local Government, Welsh Government and UK Government about the need for additional funding to cover the cost of the award in Wales.

Flintshire has campaigned from the outset that as a national award over which the Council has little influence it should be fully funded. Given the costs pressures facing Local Government and schools there is no capacity to absorb any further pay pressures. It is estimated that the award would add a further £1.9m to the financial forecast for 2019/20; this is not included in the forecast based on the expectation of full national funding.

On the 14 September the Leader of the Council was informed by the Secretary of State for Wales that funding would be made available to Wales for the teachers' pay award. It is estimated that this additional funding will meet approximately half of the pay award.

In addition there is a likelihood that teacher pension employer contributions will increase in 2019/20 which would further significantly impact on costs.

RECOMMENDATIONS

1	Members are requested to note the local and national issues surrounding the teachers' pay award.
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REPORT DETAILS

1.00	EXPLAINING TEACHERS' PAY AWARD
1.01	<p>The teachers' pay award was announced by the Secretary of State for Education (Damian Hinds) on 24 July 2018. In his statement he indicated that a fully funded pay rise would be delivered for classroom teachers and those in leadership positions based on the recommendation of the School Teachers' Review Body (STRB).</p> <p>Mr Hinds indicated that additional funding would be available to support schools in England through the Department for Education existing budget; which appeared to suggest that no new funding had been identified from Treasury sources. There was no reference in his statement as to the implications for Wales.</p> <p>See appendix 1 for the full Secretary of State statement.</p>
1.02	<p>The School Teachers' Review Body recommended the following statutory uplifts:</p> <ul style="list-style-type: none">• 3.5% increase to the minima and maxima of the Main pay range• 2% increase to the minima and maxima of the Upper Pay Scale (UPS)• 1.5% increase for those on the Leadership pay range.
1.03	<p>There has been a statutory consultation process which ended on Monday 3rd September, and the Secretary of State will now need to publish a final STPCD (School Teachers Pay & Conditions Document) which gets 'laid' before Parliament to complete the procedural issues. It is only after the publication of the final document that any new requirements can be implemented. At the present time we have no clear indication of when that publication will take place. Any award will be backdated to September regardless of the actual date of implementation.</p>
1.04	<p>The STPCD provides for flexibility in the application of uplifts to all other pay points in the teachers' pay range. In Wales, in previous years, the WLGA has brokered an approach which uses this flexibility to introduce a fair, consistent and affordable approach to teachers pay in local authority maintained schools. This has resulted in a consensus across Wales on how the non-statutory element would be applied and a standardised pay spine for school teachers in Wales.</p> <p>The Authority has then made a recommendation to school Governing Bodies and asked them to confirm whether or not they want the negotiated</p>

	<p>uplift applied. In previous years all schools have supported this approach and opted to implement the negotiated pay award.</p> <p>In 2017/18 the STPCD provided for a 2% increase to the minima and maxima of the Main pay range – the Wales agreement was to uplift all scale points in between by 1%.</p>
1.05	The Wales Act devolves power to Welsh Government to set teachers' pay from the 2019/20 academic year. In the meantime there will need to be discussion nationally as to how the current academic year pay award will be implemented across Wales.
1.06	<p>An analysis of Flintshire's current teacher staffing across grade ranges shows the following:</p> <p>27% of teachers are on Main pay range 59% of teachers are on UPS 14% of teachers are on Leadership</p>
1.07	<p>The estimated cost of applying the STRB recommendations across all pay spines is:</p> <p>2018/19 £0.801m - cost of uplift from September 2018 2019/20 £1.932m - full year effect of the September 2018 pay award plus and assumption of a 1.5% increase from September 2019.</p>
1.08	<p>Since the publication of the draft document and the statement by the Secretary of State the WLGA has been campaigning for funding to support the implementation of the teachers' pay award for 2018. Some of this has been on a formal basis and there has also been considerable informal discussion which is ongoing to help ensure that schools and/or local authorities receive financial support.</p> <p>Appendices 2 & 3 show copies of letters from the WLGA Leader, Councillor Debbie Wilcox to both Damian Hinds, Secretary of State for Education in Westminster and Kirsty Williams Cabinet Secretary for Education at Welsh Government outlining the issues and pressures for Welsh schools.</p>
1.09	<p>On 14 September Cllr Aaron Shotton (Council Leader) received a letter from the Secretary of State for Wales indicating that Wales would receive a further £8.7m in 2018/19 and £14.8m in 2019/20 to support the implementation of the teachers' pay rise (See Appendix 4).</p> <p>A high level estimate is that Flintshire's share of this additional funding would be in the region of £0.435m in 2018/19 and £0.965m in 2019/20.</p>
1.10	There is also a likelihood that teacher pension employer contribution costs will rise in September 2019 which would also significantly impact on costs. Although the scale of the increase is unknown at this stage it is estimated that there could potentially be an increase of £0.437m in 2019/20 with the full year impact being £0.752m.
1.11	The Council's latest financial forecast for 2019/20 shows a projected budget

	<p>gap of £13.7m. This does not include any provision for the teachers' pay award or increased pension costs as this should be a nationally funded cost pressure.</p> <p>After taking efficiencies into account and assuming a hypothetical increase in Council Tax of 4.5% the Council will still require a minimum increase in the Revenue Support Grant of 3% to balance the budget in 2019/20. This would rise to an estimated 4% to be able to meet the anticipated shortfall in funding for the additional teacher pay and pension costs.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	Delegated school budgets were uplifted by £1.140m for inflation and reduced by £0.288m for demography in 2018/19. The net effect was an increase of £0.852m (0.98%). Further one off funding of £460k was allocated from Reserves. The net funding increase including the one off funding was insufficient to cover the NJC pay award which averaged 5.6% increase in support staff costs in schools.
2.02	Six out of Flintshire's 11 secondary schools are in a financial deficit position.
2.03	There is currently no capacity for the Authority to provide additional funding to cover the teachers' pay award.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Heads Federations.
3.02	Schools Budget Forum.
3.03	Teaching Unions/Education Consultative Committee.
3.04	Welsh Government/WLGA.
3.05	Governing Bodies.

4.00	RISK MANAGEMENT
4.01	If the award is unfunded this will impact on the financial resilience of schools.
4.02	Schools may have to consider reducing their workforce which could result in redundancies and increasing class sizes.
4.03	Educational outcomes may reduce if class sizes have to increase.
4.04	Stress placed on headteachers of trying to manage an increasingly difficult financial situation at the same time to achieve educational excellence.
4.05	This generation of pupils may be adversely affected by the continuing

	austerity measures which in turn will impact on the future economic prosperity and social wellbeing of Wales.
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5.00	APPENDICES
5.01	Appendix 1 – Secretary of State for Education statement on teachers’ pay award.
5.02	Appendix 2 – Letter to Minister for Education (Damian Hinds) from WLGA Leader (Debbie Wilcox).
5.03	Appendix 3 – Letter to Kirsty Williams from WLGA Leader (Debbie Wilcox).
5.04	Appendix 4 – Letter to Cllr Aaron Shotton from Secretary of State.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Lucy Morris, Education & Youth Finance Manager Telephone: 01352 704016 E-mail: Lucy.morris@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>School Teachers’ Review Body (STRB) – The School Teachers' Review Body (STRB) makes recommendations on the pay, professional duties and working time of school teachers in England and Wales and reports to the Secretary of State for Education and the Prime Minister. STRB is an advisory non-departmental public body, sponsored by the Department for Education.</p> <p>School Teachers Pay & Conditions Document (STPCD) – The School Teachers' Pay and Conditions Document is an annually published document which forms a part of the contract of all teachers and head teachers in maintained schools in England and Wales. The document is binding on all maintained schools and local education authorities.</p> <p>Revenue Support Grant – The annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. The Council can decide how to use this grant across services.</p>