

# **SNCT Pay Claim 2017**

## **Background**

- 1.1 In presenting a claim to the SNCT the Teachers' Panel recognises that there are a number of elements that will underpin a pay award that recognises the key role of teachers and associated professionals in maintaining and enhancing the delivery of education.
- 1.2 Scottish Government has publicly stated the centrality of improving education standards to improving the life prospects of Scotland's children to underpin future economic prosperity. In that context, the importance of a well remunerated profession enjoying good conditions of service should be a key objective for both Scottish government and local authorities.
- 1.3 Paragraph 2 of the SNCT Constitution (SNCT Handbook, Appendix 1.1) sets out this objective:

*"The Committee's remit is to consider salaries and conditions of service for teachers, music instructors, educational psychologists, quality improvement officers and education support officers who are employed by Scottish local authorities. The objectives of the negotiating body are:*

- (a) *to create a salaries and conditions of service structure that contributes to a highly skilled and highly motivated teaching profession and underpins the delivery of a quality education service;*
- (b) *to ensure that the outcome of negotiations secures, and maintains, appropriate levels of remuneration for the profession to enhance professional status; and*
- (c) *to ensure that salaries and conditions of service reflect professional status including the commissioning, from time to time, of research on the comparative external position in order to inform its deliberations."*

- 1.4 The SNCT has not commissioned external research into the pay of teachers and associated professionals.
- 1.5 Scottish Government commissioned evidence from Professor David Bell of Stirling University as part of the McCormac Review into the 2001 Agreement, "Advancing Professionalism in Teaching" (2011). Professor Bell had previously contributed to the McCrone Report in 2000.
- 1.6 Professor Bell's approach drew from both ONS and OECD statistics and he concluded that while there had been a fall back in pay since 2006 the movement was not statistically significant and that Scottish teachers were paid above the average in OECD countries.
- 1.7 However, it is worth citing another finding from the McCormac Report:

*"7.5 While not recommending a change in pay for teachers, we are of the view that pay should be kept under review in light of likely changes to pension allowances which will impact on the overall remuneration of teachers. It is*

important that teachers' salaries are commensurate with their professional status and remain at a level that ensures teaching is an attractive career".

- 1.8 The average pension contribution of teachers in Scotland rose in a three-year period from 6.4% to 9.6%, a 50% increase in contribution rates. Last year due to the ending of "contracting out" teachers' national insurance contributions rose by 1.4%. This has had a significant impact on the living standards of Scottish teachers. When considering the value of salaries against movement in the economy the SNCT has to take account of the impact of pension contribution increases and NI increases on teachers' wages.

## 2. **Governance and Collective Bargaining**

- 2.1 The run up to pay discussions through the SNCT this year has to be considered in light of the governance arrangements for teachers and associated professionals.
- 2.2 The consultative document on governance, *Empowering Teachers, Parents and Communities*, issued by Scottish Government in the autumn of 2016, is silent on the current bargaining machinery.
- 2.3 The Teachers' Panel emphasises the ILO Convention 154 (1981) which recognises internationally that collective bargaining is the preferred method of determining terms and conditions of employment in both the public and private sector. As such the ILO stresses the collective bargaining rights of employers and their organisations on the one hand and organisations of workers on the other.
- 2.4 In England and Wales the Burnham Committee, the negotiating forum for teachers' pay and conditions of service, was abolished in 1987 by the Conservative Government. In 1991 the School Teachers' Pay and Conditions Act gave responsibility for fixing pay and hours to the Secretary of State for Education. The School Teachers' Review Body, the membership of which is determined by the Prime Minister, is an advisory body.
- 2.5 In the absence of national collective bargaining in England and Wales, the Government has replaced incremental progression based on service by a system of performance related pay progression determined at school level. The emergence of new academies and free schools which have no overarching employers' structure has effectively introduced plant bargaining arrangements, which cut across national arrangements on pay and conditions of service.
- 2.6 The SNCT arrangements were recognised by the McCormac Review as a robust mechanism and in the current pay discussions emphasis should be placed on current collective bargaining arrangements, both at national and council level.
- 2.7 In negotiations ahead of a 2017 pay settlement the Teachers' Panel calls on Scottish Government and local authorities to commit to continued national and local collective bargaining arrangements.

## **The Value of the 2001 Pay Award**

- 3.1 The SNCT was established following the 2001 National Agreement, *A Teaching Profession for the 21<sup>st</sup> Century*. The 2001 Agreement achieved through effective and productive collective bargaining was a landmark settlement, establishing a modernisation and professionalism of conditions of service and a significant pay restoration following the failure of pay settlements to match price inflation in the late eighties and nineties. The 2001 Agreement set out a commitment to greater engagement in collective bargaining to improve and enhance industrial relations. We feel that the period since then has been a period of stability in industrial relations.
- 3.2 The 2001 Agreement impliedly recognised the cyclical "boom and bust" nature of teachers' pay was not conducive to effective service delivery and the constitution of the SNCT places an onus on the SNCT to secure and maintain appropriate pay levels for teachers and associated professionals.
- 3.3 In addition to the research undertaken by Professor David Bell as part of the McCormac Review in 2012 the EIS commissioned research by Stewart Research into teachers' pay. The report, *Teachers' Pay in Scotland* concluded:

"Relative to median pay settlements in the wider UK economy, teachers received lower pay increases for six out of ten years over 2003-2012. Like public sector workers, teachers' pay settlements declined to zero in 2011 and 2012 while the median pay increase for private sector employees was 2.5% in both years.

The real weekly wages of teachers in Scotland declined from around £583-£597 in 2003 to around £525-£546 (depending on which measure of inflation is used) per week by the start of 2012, reducing the value of the 2001 agreement. Compared to 2003 teachers in 2012 were 6.5% (CPI) and 12% (RPI) worse off in terms of their real wages."
- 3.4 Since then, according to our calculations, a teacher on the maingrade scale, is now 8.1% behind the value of the 2003 settlement (the final element of the 2001 settlement) when measured by CPI and 16.4% when measured by RPI. This is set out in Appendix 1.
- 3.5 The ASHE (Annual Survey of Hours and Earnings) 2016 data indicated that across the economy, the annual median pay from April 2015 to April 2016 rose by 2.3%.
- 3.6 The Labour Research Department 2015-16 Pay Survey looked at 901 pay surveys in the private and public sectors covering 74 81558 staff with a median basic pay increase of 2.0%.

## **OECD evidence**

- 4.1 Professor Bell stated in 2011 that Scottish teachers were above the Organisation for Economic Co operation and Development (OECD) average. That is no longer the case.
- 4.2 The OECD Education at a Glance (2016) report sets out some interesting statistics in relation to teachers' pay and working hours:

Primary Teachers' Salaries (in equivalent USD)

	<b>Starting Salary</b>	<b>After 10 years</b>	<b>After 15 years</b>	<b>Top of Scale</b>
Scotland	27,055	43,163	43,163	43,163
England *	27,246	43,140	46,390	46,390
OECD Average	31,028	39,673	42,675	51,254
EU 22 Average	30,745	38,240	42,285	49,509

Lower Secondary Salaries (in equivalent USD)

	<b>Starting Salary</b>	<b>After 10 years</b>	<b>After 15 years</b>	<b>Top of Scale</b>
Scotland	27,055	43,163	43,163	43,163
England *	27,246	43,140	46,390	46,390
OECD Average	32,485	41,613	44,407	53,557
EU 22 Average	32,274	40,309	44,204	52,058

Upper Secondary Salaries (in equivalent USD)

	<b>Starting Salary</b>	<b>After 10 years</b>	<b>After 15 years</b>	<b>Top of Scale</b>
Scotland	27,055	43,163	43,163	43,163
England *	27,246	43,140	46,390	46,390
OECD Average	34,186	43,952	46,379	56,152
EU 22 Average	33,420	42,314	46,420	54,943

While the OECD figures reflect different pay structures across the countries involved the maingrade scale in Scotland applies to unpromoted teaching staff regardless of sector. The Teachers' Panel endorses the continuation of a single maingrade scale.

\* the figures which relate to England refer to a salary range where progression is related to a system of performance related pay. In Scotland teachers will progress to the maximum which is not the case in England.

- 4.3 The relative decline in teachers' wages in the OECD is reflected in the real wage decline of British workers. Evidence from the TUC shows that the real wages of workers in the UK fell by 10.4 % between 2007 and 2015. Across the OECD during those years' real wages rose by an average of 6.7%, with

real wages in Poland increasing by 23%. As Geoff Tily reported in Touchstone "we know already that the UK had endured the longest and steepest decline in real wages since at least 1830. Gains in employment are not adequate compensation". (27.07.2016).

- 4.4 As Andrew Haldane the Chief Economist of the Bank of England has observed, that while GPD, employment and wealth have all increased since 2009 "the majority of UK households have faced a 'lost decade' of income". He has also concluded that in most regions incomes are estimated to have broadly flat-lined since 2009 at lower than pre-crisis levels "
- 4.5 The Education at a Glance 2016 report also reveals the work demands on teachers and Scotland.
- 4.6 In teaching load, the OECD average hours across upper secondary schools is 644. Teaching time in upper secondary schools exceeds 800 hours in only 5 countries and economies – Australia, Chile, Columbia, Mexico and Scotland, although the figures in Chile and Scotland refer to the maximum time teachers can be required to teach, not to their typical teaching load. In Scotland, the teaching time of primary schools is no different from that of upper secondary schools.
- 4.7 In the 22 countries with data for both teaching and total working time for lower secondary teachers, on average 45% of teachers' working time is spent on teaching, with the proportion ranging from less than 35% in Austria, Japan and Turkey to 63% in Scotland.

## **Recruitment and Retention of Teachers**

- 5.1 In 2013 the recruitment of teachers to TEIs indicated the following figures:

		Applications	Intakes	Ratios
Primary	Undergraduate	7038	813	8.7
	PGDE	3678	987	3.7
All Primary Total		10716	1800	6.0
Secondary	Undergraduate	2100	333	6.3
	PGDE	3793	915	4.1
All Secondary Total		5893	1248	4.7
All Primary and Secondary		16609	3048	5.4

- 5.2 In 2016 the figures for TEIs based on August putative figures:

		Applications	Intake Target	Ratios
Primary	Undergraduate	7106	730	9.7
	PGDE	10806	1235	8.7
All Primary Total		17912	1965	9.1
Secondary	PGDE	7102	1355	5.2
	Undergraduate	603	162	3.7
	Combined Degree	1452	195	7.4

Note: the ratios include those who apply to more than 1 university

- 5.3 Within these figures, however, there remains shortages in Home Economics, Physics and Technical subjects in particular.
- 5.4 There is an issue in relation to recruitment and teacher shortage in certain parts of Scotland, particular in the North East, and in rural parts of Scotland.
- 5.5 There are two significant issues in the recruitment and retention of teachers. Workforce planning provides for training places to take account of leavers from the profession. People leave teaching for a variety of reasons but workforce planning makes an assumption about the annual percentage of leavers. In recent years, however, it appears that a number of teachers who have obtained the SfR and are fully registered leave teaching in Scotland. This creates a potential recruitment problem. This is acknowledged in workforce planning. Since 2007 the numbers who are on the Scale Point 0 drop significantly at Scale Point 1 the following year. The figures will include a number of teachers on the alternative registration route who are on Scale Point 0 for more than 1 session. However, it is clear that a significant number of teachers leave teaching in Scotland, even for a shorter period, having completed the SfR. This adds to teacher shortages.
- 5.6 The other recruitment issue relates to supply. There are persisting problems relating to teacher supply. While the SNCT has redefined the pay rates for short term supply teachers to 2 days and while significant steps have been taken by the SNCT to smooth the administration of supply the fact that many councils pay supply teachers at the appropriate point on the maingrade scale and for a complete day from day one to assist recruitment makes it imperative to address this in this years' pay negotiations.

## **The Graduate Market**

- 6.1 Teaching in Scotland is a graduate profession. Therefore, the pay of teachers has to be competitive to attract the best undergraduates and graduates to the teaching profession.
- 6.2 According to IDS (Pay and Progression for Graduates 2016) the market for graduates has become increasingly buoyant over the last two years, particularly in the private sector. The number of graduate recruits rose by 11% in 2015 and is projected to rise by a further 17% in 2016.
- 6.3 The IDS survey set out the median starting salary for graduates across all sectors of £26,500 and an average of £26,751. The median basic pay increase in 2015 was 2% just below the IDS whole economy median of 2.2% for 2015.
- 6.4 The IDS survey also looks at salary progression, taking account of salary progression three years and five years into careers. The 2016 survey indicates that three years into their careers graduates typically earn £35,000 a year, a salary lead of 32% over their corresponding 2015 salary while those five years into their careers have a typical salary of £42,000, a salary lead of 60% over the corresponding 2015 salary. While these pay leads are down from 39% and 69% respectively from the IDS survey in 2014 it is clear that pay progression for teachers lags well behind the norm for other graduates in the economy.

## **Economic Outlook**

- 7.1 There is considerable economic uncertainty at the present moment, largely as a consequence of the decision of Britain to leave the European Union.
- 7.2 Following the decision of the UK to leave the European Union, the Bank of England considered that the fall in sterling is likely to push up inflation in the near term, back to the 2% target and probably causing it to rise above the target in 2017-2018 up to 2.7% before returning to about 2% in 2020. The Bank of England Policy Committee has undertaken a number of measures, including a cut in the Bank rate and an injection of central bank reserves to offset the cut in the Bank Rate.
- 7.3 The Ernst Young ITEM club has revised GDP growth prediction following the Brexit vote, to 1.9% in 2016 and 0.4% in 2017, but the Bank of England has recent reviewed its figures on growth, to 0.4% in the fourth quarter of 2016.
- 7.4 These figures suggest that cost of living pressures will increase in the immediate future while the economy will be close to stagnation.

## **Scottish Rate of Income Tax**

- 8.1 The Scotland Act 2012 gave the Scottish Parliament the power to set the Scottish Rate of Income Tax (SRIT) which came in effect from 6 April 2016. The UK income tax rates (basic, higher and additional rates) are reduced by 10p in the pound. The Scottish Parliament in February 2016 set the rate at 10p in the pound which will raise tax receipts equal to the block grant reduction.
- 8.2 The Scotland Act 2016 provided the Scottish Parliament with power to set the rates and band thresholds that will apply to all non-savings non-dividend income tax paid by Scottish taxpayers from April 2017 for tax year 2017/18.
- 8.3 The introduction of SRIT provides Scottish Government with a means of raising additional revenue to offset budget pressures. Although there will be pressures on Scottish Government relating to the most recently published Government Expenditure and Revenue Scotland figures the expectation is that Scottish Government can improve revenue support to Scottish Councils and to move away from an authority drive pay policy.

## **Other Issues**

- 9.1 There has been a significant contraction in promoted posts in recent years. The career structure envisaged for primary schools in the 2001 has been limited as Councils have varied thresholds for employing Depute Headteachers and Principal Teachers. In addition, in certain areas, shared headship posts have led to a reduction in headteacher posts. In secondary schools the development of faculty management structures has reduced the number of Principal Teachers. The removal of the Chartered Teacher Programme undermined the commitment made in the 2001 Agreement to recognise that classroom teachers who chose to remain in the classroom should have the opportunity to obtain reward for additional study and skills acquisition. The commitment to a masters' level profession has not materialised in any way to influence for those in teaching with masters' level

qualifications when compared to masters' level qualifications across the economy.

- 9.2 From 2010 to 2015 the number of promoted posts has declined in primary schools from 4898 to 4585; in secondary schools from 8216 to 6980; and in special schools from 495 to 449. This represents a loss of over 1500 posts, around 12% of promoted posts in schools.
- 9.3 When the Chartered Teacher programme disappeared, the promise was to develop a masters' level profession. The contraction in promoted posts has limited career progression but there is no SNCT recognition for staff who commit to masters' levels qualifications.
- 9.4 Workload was a central plank of the 2015 Pay Agreement. While some progress has been made through the SNCT and at LNCT level the OECD evidence cited above means that much more should be done to lighten the demands on teachers.
- 9.5 In this regard the SNCT should reconsider reducing of class contact and increasing personal time.
- 9.6 In 2011 the Pay and Conditions Agreement set out a commitment to maintain teacher numbers. Scottish government has maintained that commitment since then and in 2015 in a separate agreement with teaching unions arising from the Pay Agreement teacher numbers were again secured. However, in this context the number of teachers in Scotland has fallen from the 2007 figure to the figure in last years' census.
- 9.7 The Teacher Census figures provides interesting data on teacher numbers. In 2015 there were 50 717 teachers engaged compared to 54 347 in 2008 (The 2008 figure has not been used due to potential double counting). Over the same period pupil teacher ratios have risen in all 3 sectors (primary 15.7 to 16.7; secondary 11.7 to 12.2; special 3.2 to 3.6).
- 9.8 The EIS acknowledges that progress has been made in tracking workforce movement through the National Scottish Steering Group for Educational Psychologists (NSSGEP). This will assist in providing a sound information base for those in the service. The Association of Principal Educational Psychologists has been reporting a year on year decline in numbers of psychologists. There is an actual staffing complement of 355.99 FTE (408 headcount) and 24.5 FTE (28 headcount) EP vacancies which services have approval to recruit and 16.7 FTE (22) EP vacancies which cannot be recruited due to budget pressures.
- 9.9 Audit Scotland's, 2014 Report, School Education set out that, in real terms, Council's spending on education reduced by 5% between 2010/12 and 2012/13. Audit Scotland's figures in that period itemised a drop of 2% in teachers, 5% in Admin and Clerical, 2% in Classroom Assistants, 22% in Business Managers, 12% in Laboratory Assistants and Technicians and 22% in Quality Improvement Officers. What is missing from Audit Scotland's figure are cuts in Instrumental Music Teachers and Educational Psychologists.
- 9.10 The local Government Benchmarking Framework in its 2016 Report produced evidence on budget reductions in the Education Service. In the pre-school sector the number of places provided by Council has risen by 10.2% (an

additional 9413 places) since 2010/11 against a backdrop of 1.3% increase in gross expenditure over the same period.

- 9.11 In both primary and secondary education there has been a reduction in real costs per pupil since 2010/11 (10.8% and 4.1% respectively). However, over the past 5 years attainment of 5+ awards at SCQF level 6 has increased in 4.8% from 2010/11 to 2014/15 in 20% most deprived communities.
- 9.12 Scotland's teachers are continuing to drive up standards with diminishing resources, declining wages and reduced opportunities for career advancement. This cannot be sustained.

## **Conclusion**

- 10.1 The following points should be pursued in pay negotiations
  - (i) to reference the shortfall in teachers' salaries from the value of the 2003 element of the agreement *A Teaching Profession for the 21<sup>st</sup> Century* (8.1%) (CPI) or 16.4% (RPI) and set out a strategy to seek in the first instance to pursue a salary increase to bring Scottish Teachers into line with average teachers' salaries across the OECD and graduate earnings across the economy.
  - (ii) to emphasise the importance of reward at the top point of the main grade scale in the retention and recruitment of teachers particularly following the decline in career structures since the 2001 National Agreement.
  - (iii) to restore the pay and working hours of short-term supply teachers to the level of other teachers.
  - (iv) to bring class contact time of Scottish teachers into line with OECD figures and to pursue a reduction in class sizes to control teacher workload.
  - (v) to pursue further a national staffing standard and protection of teacher numbers.
  - (vi) to consider the issue of masters' level pay to support masters' level qualifications.