

Meeting: Children and Young People Board

Date: 29 September 2022

Schools workforce pay

Purpose of report

For discussion.

Summary

The Local Government Association holds the majority membership as well as providing the secretariat for the National Employers' Organisation for School Teachers (NEOST). NEOST is the employer statutory consultee body for the annual schoolteacher's pay review process. You will be given a brief overview of the annual process and an opportunity to hear the headlines of this year's NEOST response to the Government's consultation on the proposed teachers' pay award for 2022.

The Local Government Association is engaged in negotiations around pay for school support staff. Today's discussion is an opportunity to hear about those negotiations and the challenges facing schools and councils.

Recommendation

Members are recommended to note the discussion.

Contact details

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Schools workforce pay

Background

1. The Local Government Association holds the majority membership as well as providing the secretariat for the National Employers' Organisation for Schools Teachers (NEOST). NEOST is the employer statutory consultee body for the annual school teachers' pay review process. You will be given a brief overview of the annual process and an opportunity to hear the headlines of this year's NEOST response to the Government's consultation on the proposed teachers' pay award for 2022.
2. The LGA is engaged in negotiations around pay for school support staff. Today's discussion is an opportunity to hear about those negotiations and the challenges facing schools and councils.

Local government pay (including school support staff)

3. On 6 June 2022, the NJC unions (UNISON, GMB and Unite) lodged their one-year pay claim for:
 - *A substantial increase with a minimum of £2,000 or the current rate of RPI¹ (whichever is greater) on all pay points*
 - *COVID-19 recognition payment*
 - *A national minimum agreement on homeworking policies for all councils and the introduction of a homeworking allowance*
 - *An urgent review of all mileage rates currently applying*
 - *A review and update of NJC terms for family leave and pay*
 - *A review of term-time only contracts and consideration of retainers*
 - *A reduction in the working week (without loss of pay) to 35 hours (34 in London)*
 - *One additional day of annual leave*
4. Councils in each of the nine English regions, Wales and Northern Ireland were consulted at regional pay consultation briefings during June; in total more than 600 officers and councillors attended.
5. The National Employers were faced with very difficult decisions when considering their response to the unions' claim. First, there is the continuing

¹ On 6 June, when the claim was lodged, RPI was 11.1 per cent, which would equate to an increase of £2,035 on SCP1.

challenge of how to deal with the relentless pressure from the proximity of the National Living Wage (NLW) on the bottom of the NJC pay spine, which, on current forecasts, could increase by almost 20 per cent by April 2024.

Second, the almost unprecedented backdrop of the wider economic situation: inflation (CPI) was at 9.4 per cent when the employers met in July; and the continuing increases to fuel, food and energy that are impacting employees and employers.

6. On 25 July, the National Employers agreed unanimously to make the following one-year (1 April 2022 to 31 March 2023), final offer:
 - *With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above*
 - *With effect from 1 April 2022, an increase of 4.04 per cent on all allowances*
 - *With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement*
 - *With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine*

7. This offer would achieve a bottom rate of pay of £10.50 with effect from 1 April 2022 (which equates to a pay increase of 10.50 per cent for employees on pay point 1); everyone on the NJC pay spine would receive a minimum 4.04 per cent pay increase; and the deletion of pay point 1 on 1 April 2023, would increase the bottom rate to £10.60 (providing 10p headroom above the current upper-end forecast for the NLW on that date. See para 16), pending agreement being reached on a 2023 pay award.

8. The offer, if accepted, will increase the national paybill by 6.886 per cent (£1.045bn). The cost impact in individual councils will vary from place to place, according to the profile of its workforce. For councils that employ few or no staff on the bottom pay points, the cost will be lower than for those councils who have substantial numbers of staff on the lower part of the pay spine.

9. However, the cost impact in schools will be universally high given that all support staff, up to and including some teaching assistants, are paid on the lower pay points where the greatest costs arise.

10. **UNISON** remained neutral on the question of whether the employers' offer should be accepted or rejected. Its consultation closed on 20 September and members will be updated on the outcome, which is due to be announced on 26 September.

11. **Unite** is consulting its members with a recommendation that the offer should be rejected and its consultation closes on 14 October.

12. **GMB** has also remained neutral on the question of whether the employers' offer should be accepted or rejected. Its consultation will close on 21 October.

13. In order for a formal collective agreement to be reached, two of the unions, one of which must be UNISON, are required to vote to accept the employers' offer.

The National Living Wage

14. Since its introduction in 2014, the NLW has presented a huge challenge for local government in managing to maintain headroom between the bottom pay points and the statutory NLW. Local government is almost alone in the public sector in having this challenge. Other public sector pay structures' lower rates of pay are far enough above the NLW for it not to present the same pressure as we face and involve a far smaller proportion of those sectors' workforces than is the case in local government.
15. The National Employers hold a longstanding principle of not pegging the bottom rate in local government to the NLW, as they do not believe the sector should be a minimum wage employer.
16. When the NLW was increased to 60 per cent of national median earnings in the last parliament, local government managed to achieve some breathing space by revamping its pay spine in 2018-19. On 1 April 2019, there was 79p headroom between the lowest local government pay rate and the NLW. However, following the General Election in December that year, central government introduced a revised policy for the NLW to increase from a target of 60 per cent of national average earnings, to 66 per cent by April 2024.
17. The economic turmoil over the past two years has only increased the volatility of the projections. In April 2020, the Low Pay Commission (LPC) set out that the projected NLW rate for April 2024 was £10.69. Due to the impact on the economy of the COVID pandemic, the OBR revised down this forecast to £10.10 in December 2020, though by April 2021, when the LPC published that year's NLW consultation documentation, the projection had rebounded to £10.33. By the Budget in Autumn 2021, the projection had rebounded once more and stood at £10.70.
18. The LPC's latest published forecast, in March 2022, states:
*"Although our recommendations in the autumn will be subject to Commissioners' assessment of economic conditions, **our current best estimate for the on-course NLW rate in April 2023 is £10.32, within a range of £10.14 - £10.50. Our current best estimate of an NLW set at two-thirds of median earnings for those aged 21 and over in 2024 would be £10.95 within a range of £10.58 - £11.33. These are based on the latest wage growth forecasts, but actual wage growth may turn out higher or lower, and we will update these ranges in the summer based on changing forecasts. We will publish a report, to coincide with the increase in NLW and NMW rates, setting out this pathway in more detail.**"*
19. This projection is the highest rate yet predicted for the NLW in 2023 and 2024 and there is no guarantee it won't rise further due to the ongoing economic

volatility, potential impact of the international context and expected further increases in the rate of inflation. The lack of a fixed figure to work towards and the volatility of the forecasts of what the NLW rate will be, has made it difficult for local government to plan effectively over the past few years.

20. The National Employers fully support the increase of the NLW but have made clear to government that in meeting the cost of this policy, additional funding is required. If this is not forthcoming, jobs and services will be at risk as employers struggle to accommodate this additional cost when trying to balance their budgets.
21. 2023 is going to be another extremely difficult year for the national bargaining machinery, and the National Employers in particular, who will again have to make decisions on pay that will be challenging, albeit they will be taken primarily as a result of decisions and policies emanating from government and the LPC.

Implications for Wales

22. Negotiations apply to England, Wales and Northern Ireland.

Financial Implications

23. This discussion does not have financial implications for the LGA.

Equalities implications

24. The teaching workforce in England is predominantly female (75.5 per cent). Male teachers are more likely to work in secondary schools than nursery or primary schools, where 14.1 per cent of teachers are male.²
25. 14.9 per cent of teachers in England identify as belonging to an ethnic minority group (compared to 21.5 per cent of the working age population, including 6.6 per cent white minorities).
26. 89 per cent of the support staff workforce of England is female, and 17.9 per cent are from an ethnic minority group.

Next steps

27. Board members are invited to note the presentations.

² <https://explore-education-statistics.service.gov.uk/find-statistics/school-workforce-in-england>