FURTHER EDUCATION NATIONAL JOINT FORUM TRADE UNION SIDE

Pay and conditions claim 2017/18

Investing in Further Education = Investing in better pay and jobs for FE staff

The context for Further Education (FE) in England in 2017 is dramatically different to that which our sector confronted just two years or indeed one year ago. Back in those pre-BREXIT days our description of the sector's funding, after six years of swingeing funding cuts, looked like this:

> "The government's spending review commitment to make no reductions (in cash terms) to adult further education skills funding over the next four years, combined with the commitment to grow apprenticeship funding, create an environment of funding stability and opportunities for the sector that has not existed for a number of years."

After less than twelve months since the words above formed part of the joint unions' claim for 2016/17, the reality for FE in England is now this:

- FE has a high media profile
- FE is accepted across the political spectrum as being central to the UK's success in addressing the economic and skills challenges that BREXIT brings
- £170 million of extra capital funding to the sector announced (2016 autumn statement)
- Extra funding from 2018 for 16-19 T Levels rising to over £500 million per year in 2022 and beyond (2017 Budget)
- Increased funding for apprenticeships via the Apprenticeship Levy commencing in May 2017
- Demographic increases in 16-19 students from 2018/19 deliver increased funding

The about-turn in funding fortunes for the sector since 2014/15 must be acknowledged. As a sector, we have gone from a situation of swingeing funding cuts to announcements and guarantees of significant increases in funding going forward. Achieving all of this, in less than two years, shows what the sector can do when we work together. While there is clearly more to be done on funding, the change in direction of travel is welcomed by all.

The joint trade unions celebrate the success of the work that we and the AoC have undertaken together. This work has brought to the attention of the government and the nation the importance of FE for the country's future social and economic wellbeing. No matter if you were remain or leave, the nation now knows that FE is essential to the UK's ability to thrive post-BREXIT.

Twelve months ago the sector was also staring down the barrel of a "gun to the head" Area Review process which was billed to be the most significant change to FE since 1992. As time has passed, what was feared has turned out to be less damaging to the sector than initially thought. The government's appetite for using area reviews to reduce FE provision has declined following BREXIT.

As the joint trade unions we acknowledge that the job of keeping FE in the national spotlight for restored funding and investment in the context of BREXIT is vital and we call on the AoC to continue to work proactively with us to do this.

No-one can deny, that for a number of different reasons, the funding fortunes of our sector have improved since the last Joint Trade Unions' pay and conditions claim was submitted. It is undeniable that our sector will be in receipt of increased funding now and in the immediate years to come. By continuing to work together, making the case for the need for the nation to fund FE in a post BREXIT world, we can be confident of further investment in FE.

The new reality is that more money is coming to FE so FE leaders have new choices to make in the way they invest in FE.

Pay is a problem in FE

As we submit this years' pay and conditions claim staff in FE have now suffered a staggering real terms cut in pay of 21.5% since 2009. For an experienced lecturer on point 8 of the scale this equates to a drop in pay of £7,850. For the many who work in colleges that have failed to implement the AoC's recommendations, they have lost more than a quarter of their pay over the same period.

Comparison to growth in private sector wages over the period since 2009, which is running at 19.1%, set alongside the just 3.7% of increases recommended by the AoC over the same period shows just how far behind staff in FE have fallen.

The chart below shows the cumulative RPI % change from August 2009 – February 2017 against FE national pay recommendations for each year.

	2009	2010	2011	2012	2013	2014	2015	2016	Feb-17
RPI indexed % change	100.0	104.6	110.0	113.6	117.0	119.8	121.0	123.1	125.2
FE pay Indexed % change	100.0	100.2	100.6	101.0	101.7	102.7	102.7	103.7	103.7

Inflation forecasts

The chart on the previous page is based on annual inflation taken at August 2016, to match the date of the last AoC pay recommendation. Since this date, RPI inflation has risen sharply and the most recent figure, from February 2017, is 3.2%. This represents a sharp increase from the 1.8% reported in August 2016.

HM Treasury's *Forecasts for the UK Economy: a comparison of independent forecasts* compiles RPI forecasts for the next two years from a range of 25 forecasters including City forecasters, independent non-City forecasters and the Office of Budget Responsibility.

Inflation

The most recent RPI figure, for February 2017 and published in March 2017 is 3.2%. It is forecast that RPI will rise by 3.6% over 2017 and by 3.4% in 2018.[1] RPI is then expected to remain in excess of 3% every year until 2021. The OBR anticipates that RPI will peak at over 4% during 2017[2].

Over the last year, some costs have shown particularly sharp increases, most notably:

- The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 6.2% in the year to January 2017, taking the average house price to £218,000[3];
- Private rental prices paid by tenants in Great Britain rose by 2.2% in the 12 months to January 2017, in parts of southern England rents rose by as much as 3.3%. In the previous year they rose by more than 2.2% (in the first quarter by 2.6%) showing that the previous wage increase was significantly below rental increases[4].
- Travel costs through bus and coach fares jumped 15.9%, while petrol and oil prices rose by 19.4%.
- Childcare costs represent a key area of expenditure for many staff (UNISON surveys have consistently found that around a third of staff have child caring responsibilities). Therefore, it is worth noting that the annual Family & Childcare Trust survey[5] for 2016 found that the cost of a part-time nursery place for a child under two has been growing by an average annual rate of 5.3% since 2010 and it now costs £6,072 per year to place a child in nursery care for 25 hours a week.

In addition, current inflation rates can mask longer term changes in the cost of living that have taken place since 2010. For instance, food price inflation has increased significantly in recent months due to increased import costs resulting from the declining value of the pound.

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[1] HM Treasury, Forecasts for the UK economy: a comparison of independent forecasts (March 2017)
[2] http://cdn.budgetresponsibility.org.uk/March2017EFO-231.pdf
[3] Office for National Statistics, House Price Index Summary March 2017
[4] Office for National Statistics, Index of private housing rental prices (IPHRP) www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/jan2017#english-regions-rental-prices-in-south-and-east-rise-faster-than-in-north
[5] Family & Childcare Trust, Childcare Costs Survey 2016

Living wage

It's widely recognised that paying fair and decent wages reaps benefits in terms of productivity, commitment and morale. Last year our members told us that working in FE on low wages led employees to take on second jobs, take out loans to make ends meet and some even had to resort to using food banks. It's neither desirable nor necessary for employees in the FE sector to be paid wages that do not afford them a basic, decent standard of living.

Both UNISON and the GMB, have established policy that they, believe that the government's living wage should be set at £10 per hour.

Colleges now compete in a labour market where the Living Wage Foundation rate of £8.45 an hour outside London and £9.75 an hour in London and has become an increasingly common minimum point in the pay scale. There are now approaching 3,000 employers accredited as living wage employers by the Living Wage Foundation and this includes national/international companies such as Nationwide, KPMG, Nestles, national express, many charitable and voluntary organisations, schools, universities and colleges and health employers.

The Living Wage Foundation rate has become a standard benchmark for the minimum needed for low-paid staff to have a "basic but acceptable" standard of living. This claim calls for the further education pay rates to begin at £8.45 per hour to comply with the Foundation Living Wage. We know from the information that colleges are providing us with that while some colleges do pay the living wage, many continue to pay less than the Living Wage Foundation rates. The national pay recommended pay spine should not endorse any hourly rates below the Living Wage Foundation rate.

We are seeking a commitment to colleges achieving accredited status which includes a commitment to indirectly employed staff, something that is increasingly important as there is greater outsourcing in the sector. Where the Living Wage Foundation rate is paid employers report improved levels of staff attendance, retention and customer service – all vital to improving further education. Leading by example encourages other employers to follow suit, multiplying the reduction of both poverty and welfare costs and enhancing further education colleges' role as key employers within communities.

Furthermore, even where national agreements have not achieved a living wage settlement, a major proportion of individual councils, NHS trusts, schools and academies have taken up the living wage on their own initiative. A UNISON Freedom of Information survey covering local government, the NHS, universities, further education colleges and police authorities that drew over 900 responses found that 51% of employers across these sectors already pay at least the living wage to their lowest paid staff.

The government introduced a legally enforceable "national living wage" that currently stands at £7.20 per hour for employees aged over 24 and will rise to £7.50 an hour from April 2017. However, this rate is just a rebranded version of the national minimum wage which is calculated without reference to the cost of living. The living wage announced annually by the Living Wage Foundation remains the most accurate indicator of the wage needed to achieve a basic but acceptable standard of living.

The joint trade unions are concerned that the current AoC pay spine has a minimum hourly rate of £7.78 per hour (SCP 5). This falls below well short of the government's own target of a minimum wage of £9.00 per hour in 2020 (which has been reaffirmed by the prime Minister in November

2016). In order to even comply with the government's minimum wage there would need to be an increase of at least 5% per annum for the next three years for SCP 5.

Our members continue to tell us that their financial situation is becoming increasingly difficult. This is at a time when colleges are going through considerable change and uncertainty and employees are being asked to engage in restructurings, mergers and redundancy consultations. A fair and decent minimum wage would go some way to showing FE employees that their contribution is recognised and valued.

Leadership pay

As any casual reader of FE Week will know, the FE sector has had more than its fair share of obscenely inflated, headline grabbing leadership pay scandals, NESCOT and Cornwall College to name just two. FE is more than lucky to have committed staff that believe in the difference their work makes, however, these staff struggle to accept that the ratio between CEO/Principals pay and that of staff represents a fair balance or measure of staff commitment to the FE Sector and its learners. The average CEO/Principal earns 4.8 times the amount of the average lecturer and yet we know that many lecturers and managers are working at least as many hours, if not many more, than CEO/Principals.

With the approaching round of mergers, there may be some at the top of colleges who see this as an ideal opportunity to increase their pay packet. Those who might consider this as an option should be under no illusion; it won't just be FE Week that is watching closely, so too will college staff. The joint trade unions are clear that an increase in CEO/Principal pay ratio to staff pay is not what is required; the right message for leaders to send staff in FE at this time is to invest in staff and reduce the ratio.

Pay – going further backwards is not an option

The joint trade unions feel confident that no one in the sector would be happy with the staggering decline in real wages in colleges since 2009. In last years' claim we focused on the sharp decline in FE's attractiveness as a destination for employment with previously unseen jumps in staff turnover:

> "Teachers leaving colleges for the reason of getting better pay in schools has risen by over 10% to a level unprecedented in recent years of 25.8%, while 27% of support staff are leaving due to the level of pay compared to the private sector. Teaching staff leaving colleges now also attribute workload and stress as the reason at unprecedented levels, 36% and 32.6% respectively, and both are significantly bigger increases over any previous year than observed before by 13% and 12% respectively."

There is no evidence to suggest that the situation has improved over the last year, quite to the contrary, it has become the subject of newspaper and public discourse that schools, who pay on average over 6% more than colleges, are also in the midst of a recruitment and retention crises.

While the joint trade unions will always support campaigns for increased funding of FE, the responsibility for delivering better paid, better jobs in FE rests ultimately with the sector's leadership. More money is on its way to the sector however if FE continues to decline as an attractive place to work then it will fail to deliver the quality of provision on which its funding depends. Any further decline in real pay for FE staff is an existential threat for colleges.

In his 2012 report on professionalism in FE, Lord Lingfield found that historically FE lecturers were paid from 10-15% more than secondary school teachers and sat between schools and universities in their pay and therefore esteem. The current Chancellor of the Exchequer and the Secretary of State have both expressed the intention that college education and non-academic educational routes should carry the same esteem as the academic or university routes. The reality is that parity of esteem can only be achieved with parity of funding and parity of pay. Like it or not, price sends a signal about value. College leaders must heed the call from government ministers by delivering no further decline in FE pay and a real terms increase that shows the way to parity in esteem.

Workloads

After many years of what has seemed like an annual cycle of restructure and redundancy the staff who are left are struggling to keep up. The cumulative effects over many years of redundancy and restructure have taken a toll on staff at all levels in colleges. The joint trade unions have members who have chosen to take 0.8 contracts because the fulltime workload is not realistically deliverable.

Under staffed and under invested colleges neglect investing in the professionalism of their staff. The pay problem in FE must be addressed but alongside of this there is a renewed need for a respect and investment in the professionalism of FE staff at all levels. While wages have fallen and must be reversed, the importance of professional respect becomes more important. Being respected and valued for your contribution at work can be the thing that keeps you going against all the odds.

Colleges must address their staffs' demand for professional recognition and invest in their skills. Educational considerations must return to the forefront of all considerations, teachers must be given the time to do their job well and all staff must have a minimum CPD guarantee. How can a learning sector not commit to invest in its own staffs' development opportunities?

Agency staff

All parties to these discussions would agree that it is important that the sector uses its funds effectively and without waste. The joint trade unions continue to be concerned about the waste associated with the unnecessary use of Agency Staff which, on top of the instability their over use delivers to the workforce, also cost an unnecessary 20% VAT premium on their wages. Ofsted have begun to examine the negative effects of instability within teaching teams where the overuse of precarious employment contracts occurs.

The joint trade unions believe that, in all but emergency and unplanned absence, more secure employment arrangements should be used in order to give security to staff and save colleges the unnecessary cost of 20% VAT. Agency staff negatively affected by such a change should be found direct employment with the college on the same terms as other staff.

Non-lecturer curriculum delivery staff

Recent years have seen a growth in staff in FE colleges that are part of the team that are delivering the curriculum but are not granted the status or wages of main grade lecturers. These posts have been given many and varied titles across the sector and can vary in name within the same institutions. Titles used include progression facilitator, progression coach, tutors, instructors, trainers, assessors, teaching support, the list goes on. These staff can be regularly involved in the teaching of students but their roles can also incorporate other associated duties.

In some cases the use of these new titles are a crude attempt to cut costs by giving a different name to the same role that encompasses the full range of duties of a lecturer or SEND lecturer. In these cases the unions have, and will vigorously oppose their introduction and any attempts to undermine the professional status, pay and conditions of lecturers. However in other cases, new and hybrid roles have developed that are genuinely limited in their scope and responsibility for teaching and are being performed in similar ways across the sector. This growing category of staff currently exist in the absence of clear national guidance.

The joint trade unions call upon the AoC to develop nationally agreed guidelines for colleges on non-lecturer curriculum delivery staff.

Heads of claim

The joint trade unions' pay and conditions heads of claim for 2017/18 are as follows:

Cost of living claim:

- RPI, as of 1 August 2017, plus 3% on all pay points with a minimum uplift of £900. This also aims to reduce the CEO/Principal : staff pay ratio.
- Foundation living wage to be the minimum wage for and FE colleges to become accredited foundation living wage employers

Workload:

- an increase in proportion of contracted hours for preparation
- a minimum CPD entitlement for all staff of 30 hours.

Class size:

- a nationally agreed policy that specifies appropriate maximum class sizes be primarily and fundamentally based on educational considerations and not overridden by financial ones.

Agency staff:

- a nationally agreed policy that specifies that agency staff should only be used for emergency cover in respect of all staffing groups.

Non-lecturer curriculum delivery staff:

Nationally agreed guidelines for colleges on non-lecturer curriculum delivery staff including:

- Job descriptions and roles which clearly set out the difference between lecturer and non-lecturer curriculum delivery roles.
- Determining appropriate salary scales
- Appropriate work load/caseloads for different non-lecturer curriculum delivery roles.
- Lone, remote and anti-social hours working
- Clear support and training route identified into full Lecturer qualification or status should the individual want this.