

Teachers' Pay Claim 2017



The NASUWT is the largest teachers' union in Jersey representing teachers and school leaders.

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SECTION 1: INTRODUCTION

- 1.1 The NASUWT welcomes the opportunity to make a written submission to the States Employment Board (SEB) on the matter of teachers' pay.
- 1.2. The SEB will be considering the 2017 pay award for teachers in the context of a changing education landscape.
- 1.3. This submission follows a derisory 1% pay increase in respect of 2015 and 2016 with an additional £400 non-consolidated payment, which the NASUWT did not accept. In making this uplift, the SEB blatantly ignored the overwhelming evidence that teachers required a substantial consolidated pay uplift.

SECTION 2: CONTEXT

- 2.1. Public services, including education, and public service workers, including teachers, have faced continuing uncertainty over recent years as a result of workforce modernisation.
- 2.2. Since 2012, the SEB has embarked on a process of modernisation in which teachers and the NASUWT have engaged fully, and are continuing to do so.
- 2.3. Teachers in Jersey have also faced consequential change from the UK Government's education reforms, particularly those reforms involving changes to the examination systems which have impacted on teachers in Jersey through increased workload and a return to 'high stakes' terminal examinations.

SECTION 3: JERSEY TEACHERS' PAY SINCE 2008

- 3.1 Teachers' salaries have been eroded significantly since the financial crisis hit in 2008.
- 3.2. An analysis of the loss in real terms of gross pay for teachers shows losses of thousands of pounds compared to what teachers would have earned had their pay kept pace with inflation.
- 3.3. Teachers have been subjected to what was effectively a pay freeze in 2009 and 2012, followed by a 1% consolidated increase in 2013. The 4% increase in 2014 was then followed by another effective freeze in 2015, with a derisory 1% applied in 2016.
- 3.4. There has been an increase in inflation as measured by the Retail Prices Index (RPI) to date of 16.5% from June 2008 to June 2014.

3.5. Table A shows the effect of inflation on teachers' pay since 2008.

Table A – Shortfall in pay scales, 2008 to date

Scale Point	2016 Salary	2017 Target salary*	Shortfall p.a.	Cumulative shortfall since 2008
U5	£50,017	£53,569	£3,552	£17,096
U4	£49,055	£52,537	£3,482	£16,760
U3	£48,089	£51,504	£3,415	£16,436
U2	£47,130	£50,475	£3,345	£16,103
U1	£46,165	£49,442	£3,277	£15,774
9	£45,055	£48,253	£3,198	£15,393
8	£43,926	£47,044	£3,118	£15,007
7	£42,802	£45,840	£3,038	£14,625
6	£41,675	£44,633	£2,958	£14,240
5	£40,546	£43,425	£2,879	£13,857
4	£39,418	£42,216	£2,798	£13,466
3	£38,296	£41,015	£2,719	£13,086
2	£36,097	£38,660	£2,563	£12,336
1	£33,900	£36,305	£2,405	£11,578

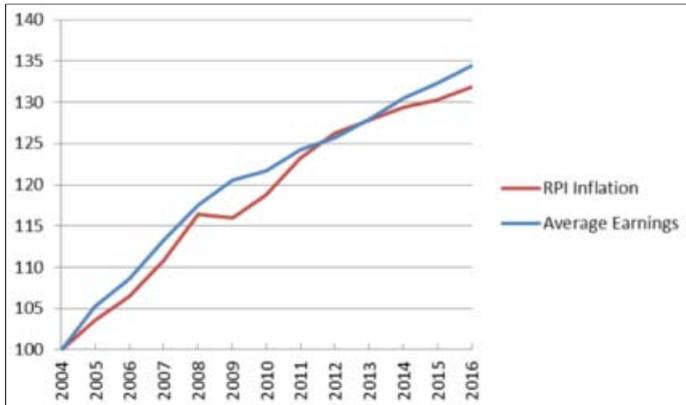
* The 2017 target salary is the amount salaries would have been had they kept pace with inflation since 2008.

3.6. Teachers' pay has been eroded significantly since 2008. If inflation continues to run at the current rate, teachers' pay will have reduced by 7% in real terms.

3.7. Data from the States Economic Unit also shows that for the economy as a whole, average earnings have outstripped inflation most years since 2008, whereas, as stated above, pay has fallen behind, eroding the competitiveness of teachers' pay.

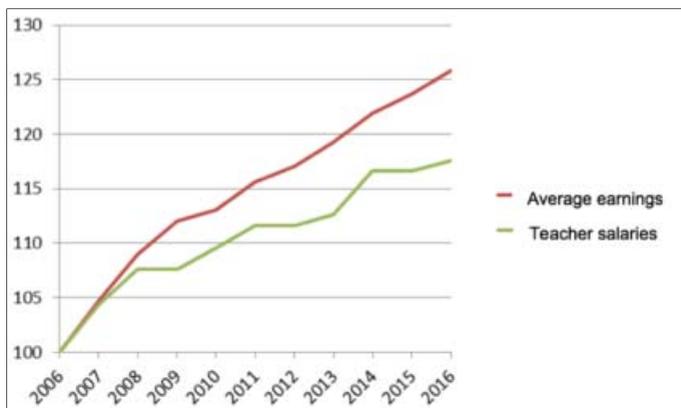
3.8. Figure 1 shows average earnings against RPI inflation. This shows that average earnings as a whole have exceeded inflation when taken over the last decade. Although the gap did close in the years following the financial crisis, this has now opened again and is widening.

Figure 1: Average Jersey earnings against RPI inflation 2004–2016



3.9. Figure 2 shows the increase in average earnings over the last decade, compared to uplifts in teachers’ pay. The graph reveals the scale of the disparity between increases in average earnings and teachers’ pay, with the former almost 10% ahead of the latter, and the gap continuing to widen.

Figure 2: Percentage increase in average earnings compared to percentage increase in teachers’ pay



SECTION 4: AFFORDABILITY

- 4.1 The States of Jersey must recognise and accept the importance of the pay award for teachers in securing recruitment and retention of high-quality teachers and service quality across the system as a whole.
- 4.2. The NASUWT believes that the States of Jersey should bring forward recommendations on pay which demonstrate the important contribution teachers make to the economy and to continuing to ensure high-quality education provision. The NASUWT urges the States to recognise the case for a significant, above-inflation pay award for teachers in order to ensure that teaching remains competitive with other graduate occupations and to avert a recruitment and retention crisis.
- 4.3. Analysis of the States' accounts for the years following the financial crisis shows that Jersey has weathered the financial storm very well, showing a net accounting surplus of £277 million over the last five years. This is shown in Table B.

Table B – Analysis of States' accounts: 2009-2015

Year	Net revenue income Actual £million	Net revenue expenditure Actual £million	Accounting surplus/deficit £million
2015	691	697	-42
2014	657	674	17
2013	636	637	286
2012	628	600	70
2011	587	599	-35
2010	546	599	-76
2009	674	603	57
Total surplus/deficit			277

- 4.4. Additionally, as reported in the latest accounts, the balance sheet of the States grew by £166 million to £5.9 billion.
- 4.5. The States' strategic reserve, the so-called 'rainy day fund', stands at £771 million, despite £36.7 million being transferred out. This further improves the States' financial position.

- 4.6. The latest Economic Outlook Report, published by the States of Jersey Economic Unit, also shows the economy continuing to recover in 2014 and 2015, with accelerating growth.¹
- 4.7. The report shows that the Jersey economy grew by 2.2% in 2015, more than double the rate expected, with gross value added increasing at an average of 3% pa over the last three years. It also shows that it has now exceeded its previous peak in 2008, thus demonstrating its healthy nature.
- 4.8. The report further shows that employment has continued to grow despite significant reductions in the public sector workforce, the June 2016 employment figure being the highest ever recorded and showing a growth of 2.1% from the previous year. The December 2016 unemployment rate showed a total of 1,280 people unemployed, representing a startling 8% reduction from the same period in 2015.²
- 4.9. Business confidence is also growing, with the Statistics Unit's business activity indicator showing strong growth in December 2016 compared to the previous six and 12-month periods.³ Figure 3 shows the indicator.

Figure 3: Business activity indicator



Source: States of Jersey Statistics Unit

¹ States of Jersey Economic Unit, *Economic Outlook Draft Budget 2017*.

² States of Jersey Statistics Unit, *Registered Actively Seeking Work*, December 2016.

³ States of Jersey Statistics Unit, *Jersey Business Tendency Survey*, December 2016.

- 4.10. Additionally, the same report shows that the new business indicator was positive and business optimism up four percentage points from the previous survey in March 2016.⁴
- 4.11. The latest Jersey housing statistics show house prices were 3% higher in 2016 than the equivalent period in 2015,⁵ giving another indication of the return to health of the Jersey economy.
- 4.12. The recent additional £400 non-consolidated payment in respect of 2015/16 also demonstrates the ability of the States to make higher uplifts. It is regrettable that this came at such a late stage after many months of fruitless negotiations.
- 4.13. The above indicates that the Jersey economy is increasingly strong. The States therefore are able to afford a substantial pay uplift for teachers.

SECTION 5: TEACHER SUPPLY

- 5.1. Jersey is very largely, if not totally, dependent on the UK for the training of teachers. The vast majority of off-island appointments come from the UK.
- 5.2. The dependence on the UK means that Jersey will also be affected by the downturn in teacher recruitment and changes to recruitment practices in the UK.
- 5.3. The most recent data from the Universities and Colleges Admissions Service (UCAS) *End of Cycle Report 2015* confirms that approximately 47,100 people applied for postgraduate teacher training through the UCAS Teacher Training (UTT) application scheme in 2015.⁶ This represents a 6% decline on the equivalent figure for 2014, with an 11% reduction recorded in the number of applications for primary initial teacher training (ITT) places over the same period.
- 5.4. This figure confirms a sharp fall in the number of applications since the peak of 67,289 applicants for courses starting in 2010, a decrease in applications of over 20% between 2010 and 2015.

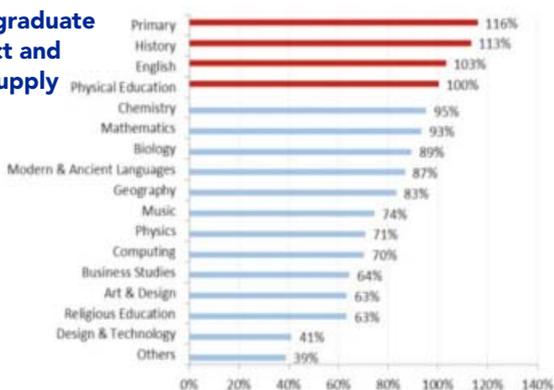
⁴ Ibid.

⁵ States of Jersey Statistics Unit, *Jersey House Price Index Third Quarter 2016*.

⁶ Universities and Colleges Admissions Service (UCAS) (2016), *End of Cycle Report 2015*. Available at: (www.ucas.com/corporate/data-and-analysis/ucas-teacher-training-releases/ucas-teachertraining-2015-end-cycle), accessed on 22.11.16.

- 5.5. As noted elsewhere in this evidence, the erosion of teachers' pay in the period 2008 to 2016 has meant the value of teachers' pay has declined markedly.
- 5.6. It is important to recognise that the significant fall in recruitment into teaching evident since 2010 contrasts starkly with experience during previous periods of economic contraction or constrained growth, which has been strongly correlated with increases in applications for courses of ITT.
- 5.7. This decline in applications suggests that, despite the Department for Education's (DfE's) considerable investment in financial incentive schemes focused on attracting graduates into teaching, the policy agenda of the UK Government has had a powerful disincentive effect on graduate recruitment, which will impact on Jersey.
- 5.8. The DfE Statistical First Release (SFR) for the academic year 2015/16 provides provisional data on the number of new entrants who have started, or expect to start, an ITT programme in England. The SFR confirms that the number of new entrants into training programmes only met 94% of the central target. Despite the slight increase in the overall proportion of applications accepted into ITT in 2015/16, many courses remain significantly undersubscribed. Overall recruitment into secondary programmes only met 82% of the number identified as necessary by the DfE.
- 5.9. The SFR data further confirms that the majority of subjects did not recruit sufficient trainee teachers to meet the targets set by the DfE. The shortfalls are shown in Figure 4.

Figure 4: New entrants to postgraduate initial teacher training by subject and phase; percentage of Teacher Supply Model 2015/16.



Source: DfE: Initial Teacher Training Census 2015/16

- 5.10. In light of this evidence, it is clear that problems with recruitment into teaching are intensifying and creating significant barriers to ensuring adequacy of teacher supply, underlining the status of the current teacher supply position as a 'crisis' rather than a 'challenge'.
- 5.11. Additionally, as the number of teachers decreases, the number of pupils, both in the UK and Jersey, is increasing.
- 5.12. In England alone, during the period 2016-2024, secondary school numbers are projected to increase by 20%, reaching 3.2 million by the end of the period. Overall, an additional 800,000 pupils will need to be catered for in the secondary education sector by 2022.⁷
- 5.13. A similar situation exists in England in the primary sector, where the pupil population is projected to increase by 8% between 2016 and 2024. A recent detailed analysis of teacher supply requirements confirmed that by 2020, the total number of full-time equivalent (FTE) primary teachers will need to increase by 33,000 on the corresponding figure in 2010 to maintain current pupil/teacher ratios.
- 5.14. The huge number of extra teachers required, combined with the shrinking pool, will make it increasingly difficult for Jersey to attract high-quality teachers.
- 5.15. Jersey itself will also need additional numbers of teachers, given that primary pupil numbers have been rising steadily since 2011, with a 4% increase over the last five years,⁸ which will feed through into secondary schools in the coming years.
- 5.16. Evidence later in this document also shows that, although Jersey teacher salaries are higher than the equivalent levels in the UK, when other factors such as housing and the cost of living are taken into account, they are actually uncompetitive. This will have a detrimental effect on Jersey's ability to recruit high-quality teachers from the UK in a decreasing pool.

⁷ DfE (2015), *National pupil projections: trends in pupil numbers – July 2015*. Available at www.gov.uk/government/statistics/national-pupil-projections-trends-in-pupil-numbers-july-2015, accessed on 23.11.16.

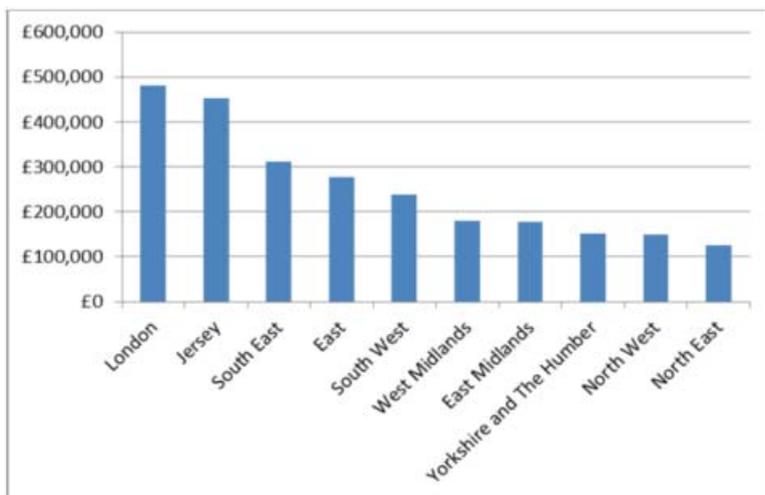
⁸ States of Jersey, *Schools, pupils and their characteristics 2015/16*.

- 5.17. There is continuing anecdotal evidence that the 11-16 high schools in Jersey are having some difficulty in recruiting teachers, where the uncompetitiveness of teacher salaries forms a 'double whammy' with limited career progression opportunities, given that these schools have no sixth form and very low numbers of able pupils due to Jersey's selective education system.
- 5.18. The NASUWT believes pay is a significant catalyst in sustaining and motivating the teaching profession through periods of rapid change and increasing demands on the teaching profession.

SECTION 6: WIDER ECONOMIC AND LABOUR MARKET CONDITIONS

- 6.1. In addition to the erosion of teachers' pay through inflation, other pressures are more acute on Jersey compared to other jurisdictions.
- 6.2. The mix-adjusted average house price in Jersey is around £454,000,⁹ considerably higher than the UK, which is around £217,000, and substantially higher than any region of the UK, other than London, as shown in Figure 5.¹⁰

Figure 5: Average house prices in Jersey compared to UK regions



Source: Office of National Statistics/States of Jersey Statistics Unit

⁹ States of Jersey Statistics Unit, *Jersey House Price Index, Third Quarter 2016*.

¹⁰ www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/nov2016.

- 6.3. The average price of a three-bedroomed house (i.e. a normal family dwelling) in Jersey stood at £538,000 in the third quarter of 2016 – a substantial rise of £19,000 from the second quarter of 2016 alone.
- 6.4. The price of a three-bedroomed house in Jersey is almost 11 times the salary of a teacher on scale point U5, whereas the average value of a one-bedroomed flat, being £212,000, is 5.5 times the salary of a newly qualified teacher (assuming they continue to be paid on point 3 of the main scale). These high ratios make it exceedingly difficult for newly qualified teachers, likely saddled with student debt (a position exacerbated in Jersey by the inability of Jersey-born students to access student loans), and/or moving from the UK to take up a teaching post in Jersey, to buy property, and thus act as major disincentives for teachers looking to work on the Island.
- 6.5. For comparison, in 2005 house prices stood at 8.8 times and 3.9 times the salary of a newly qualified teacher, which, although still high, were considerably less than in the current situation, particularly for teachers on the lower end of the salary scale. This demonstrates how teachers' salaries have failed to keep pace with house prices over the last decade.
- 6.6. A similar picture exists for essential commodities. A study in 2014 reported in the *Jersey Evening Post*, found that basic foodstuffs cost 32% more in Jersey than the UK, and when taxes and duties are stripped out, the actual cost is 50% higher.¹¹
- 6.7. Although teachers' pay rates are higher than the equivalent reference point in the UK, the cost of basic foodstuffs means that the purchasing power of Jersey teachers is actually considerably less than their colleagues in the UK, again acting as a significant disincentive to teachers looking to relocate.
- 6.8. Graduates are currently in high demand across the UK for professions other than teaching. The NASUWT draws to the States' attention the intensification of competition for graduates in the UK, as demonstrated by High Fliers Research, who publish an annual UK review of the graduate job market. *The Graduate Market in 2016* concluded that the country's top employers planned to expand their graduate recruitment by 7.5% in 2016, the fourth consecutive year that graduate vacancies have increased.

¹¹ <http://jerseyeveningpost.com/news/2014/01/31/official-why-food-costs-so-much-more-in-jersey/>

- 6.9. Even though graduate vacancies are continuing to increase, the increase in graduates appointed last year was only 3.3%, because of competition for graduates and because many graduates did not take the jobs which they were offered.
- 6.10. This significant rise in graduate vacancies for 2016 takes recruitment beyond the pre-recession peak in the graduate job market in 2007, to its highest-ever level.
- 6.11. Employers in nine out of 13 key industries and employment areas are expecting to take on more new graduates than they did in 2015.¹²
- 6.12. The evidence presented by High Fliers Research shows that starting salaries at the UK's leading graduate employers stood at a median of £30,000 in 2016. Whilst this is less than the current starting salary of teachers in Jersey, it should be noted that High Fliers Research have identified that *'at least a fifth of places on the top graduate programmes now provide starting salaries of more than £35,000 and eight of the country's best-known graduate employers are paying salaries in excess of £45,000 this year'*, which is in excess of the starting salary for teachers.
- 6.13. In addition, three well-known investment banks are providing basic salaries of at least £50,000.
- 6.14. For example, Aldi pays graduates training to become area managers a first-year salary of £42,000, a considerable premium over the starting salary of Jersey teachers. Moreover, employers within the two highest-paying sectors – City investment banks and law firms – have opted to increase their graduate starting salaries this year. The median starting salary available to new graduates has also risen at accounting and professional services companies, consumer goods companies and media companies.
- 6.15. The above figures relate to the UK and not Jersey. As the Jersey graduate market is going to be heavily skewed towards the financial services industry, it is likely that the median salary for graduates in Jersey is going to be considerably higher than that in the UK.

¹² High Fliers Research, *The Graduate Market in 2016, Executive Summary, 2016.*

- 6.16. High Fliers Research found that the median starting salary in investment banks was £47,000, whilst for banking as a whole this figure stood at £36,000, although again it should be noted that these are UK figures, not Jersey figures. Median figures for Jersey do not exist, but it is reasonable to assume they will be higher than that of the UK.
- 6.17. It should also be noted that 22% of all FTE employment in Jersey is in financial institutions,¹³ and the starting salaries greatly exceed that of teachers.
- 6.18. Given all the evidence above, there exist powerful disincentives for Jersey-born graduates to return to the island to teach, and for non-native graduates and teachers to come to Jersey.
- 6.19. In the case of Jersey-born graduates, this constitutes a considerable 'brain-drain' off the island. In 2012, 40% of Jersey-born graduates did not return within ten years of graduating.¹⁴ For demographic, population control and economic reasons, it is better for Jersey-born graduates to return, yet teachers' pay is simply not competitive enough to attract them back. Teachers from the UK must, therefore, be recruited. Again, teachers' pay is simply not competitive with that of the UK, despite being superficially higher for all the reasons previously stated.

SECTION 7: EQUALITY IMPACT

- 7.1 The States must provide a robust equality impact assessment of any proposals they wish to make for the teachers' pay award, including the cumulative impact of such proposals.
- 7.2. In occupations/professions where women predominate, pay levels are on average significantly lower than in occupations/professions where men predominate. Therefore, a below-inflation pay award is likely to exacerbate the pay gap between men and women in teaching, given that proportionately more men than women achieve promotion, particularly in larger schools. It is also likely to impact disproportionately on black and minority ethnic and disabled teachers, who also face additional barriers to promotion and pay progression.
- 7.3. Across the UK, women's pay already lags behind that of men as a result of gender bias, disadvantage and discrimination. Black and minority

¹³ www.gov.je/Government/JerseyInFigures/EmploymentEarnings/Pages/LabourMarket.aspx

¹⁴ www.bbc.co.uk/news/world-europe-jersey-20756119

ethnic and disabled teachers also report a high incidence of workplace discrimination. It is also clear that teachers with these protected characteristics are disproportionately represented within the lowest grades. There is no reason to assume that Jersey is any different. Any pay award must not exacerbate this situation.

- 7.4. This position is likely to be further exacerbated in Jersey compared to the UK, given Jersey's extremely limited anti-discrimination legislation compared to the UK.
- 7.5. The States must ensure that they now carry out a detailed and robust equality impact assessment to confirm that any proposals:
 - i) do not contribute to discrimination;
 - ii) advance equality of opportunity between different groups; and
 - iii) do not exacerbate even further the issues of discrimination, irrespective of the legislative frameworks.
- 7.6. Regrettably, there is apparently a paucity of teacher workforce equalities data and the States must address this as a matter of urgency as there is some significant evidence of discriminatory practices at school level, which has been identified through the NASUWT's casework.
- 7.7. The absence of comprehensive and robust equalities data does not eliminate the problem of workforce discrimination in access to employment, career development and promotion.

SECTION 8: CONCLUSION

- 8.1. The NASUWT concludes that teachers' pay in Jersey has been eroded against inflation and average earnings for at least ten years.
- 8.2. The case for a significant, above-inflation pay award applied to all teachers and headteachers on their current salary, to all points on the pay scales and any allowances, is exceedingly strong.
- 8.3. Failure to make such an award will have a detrimental impact on the profession of teaching in Jersey. Children and young people are entitled to be taught by those who are recognised and rewarded as highly valued professionals. Jersey will not be able to sustain that entitlement if it fails to address the issue of teachers' pay.

A stylized speech bubble graphic consisting of a thick black line that curves from the top left, goes right, then curves down and left, ending in a tail that points to the right. Inside the bubble, the words "talk to us" are written in a bold, blue, sans-serif font. There are four black quotation marks: two on the top right and two on the bottom left of the bubble.

**talk
to us**

01483 226130
rc-southeast@mail.nasuwt.org.uk
www.nasuwt.org.uk

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www.nasuwt.org.uk

