

Teachers' Pay Claim 2016



This is the pay claim the NASUWT has submitted to the Isle of Man Department of Education and Children on behalf of 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 Isle of Man Department of Education and Children (DEC) on the matter of teachers' pay.
- 1.2 The DEC will be considering the 2016 pay award for teachers in the context of a changing education landscape and an extremely challenging environment in terms of teacher recruitment and retention.
- 1.3 Although the DEC pay scales have historically followed the scales/ranges in the England and Wales School Teachers' Pay and Conditions Document (STPCD), the DEC itself broke this link last year by refusing to keep M6 aligned to the maximum of the STPCD main pay range.
- 1.4 As there is no formal or legal link to the STPCD, the DEC has complete flexibility to award a pay uplift far in excess of the School Teachers' Review Body (STRB) recommendations.
- 1.5 The STRB's 26th Report stated clearly that it has only recommended a 1% uplift due to UK Government constraints and that an award 'significantly higher than 1%' is required.
- 1.6 The NASUWT asserts that the DEC must look further afield to comparator jurisdictions such as the Channel Islands when considering the pay uplift for 2016.

SECTION 2: CONTEXT

- 2.1 The pay award is being considered in the context of the DEC facing huge recruitment and retention issues and continual changes to exams and curricula.
- 2.2 Manx teachers have also faced changes as a result of the UK Government's education reforms, specifically those involving changes to the examination systems, which have impacted on teachers in the Isle of Man through increased workload and a return to 'high stakes' terminal examinations.
- 2.3 Teachers in the Isle of Man have also experienced increased workloads due to the DEC's decision to change to IGCSE in secondary schools, and workloads in primary schools have also continued to increase year on year.

- 2.4 Although the NASUWT wishes to engage constructively with the DEC over these matters, it is regrettable that the DEC appears to prefer imposition over negotiation and consultation.

SECTION 3: ISLE OF MAN TEACHERS' PAY SINCE 2010

- 3.1 Since 2010, there has been a dramatic fall in teachers' take-home pay and a growing crisis in teacher supply. Pay has been eroded significantly, particularly when measured against increases in average earnings and Retail Prices Index (RPI) inflation.
- 3.2 The Union is extremely disappointed that the DEC has slavishly followed the STPCD despite clear evidence of the impact on recruitment and retention since that time.
- 3.3 In common with colleagues in the UK, Manx teachers experienced two years of the pay scales being frozen, followed by three years of awards in line with the UK Government's public sector pay policy of an average 1% increase.
- 3.4 In the NASUWT's annual Big Question survey, teachers in England reported the following impacts of the real-terms pay cuts. According to the 2015 survey, over the last 12 months:
- 37% of teachers have cut back expenditure on food;
 - 51% of teachers have cut back expenditure on clothing;
 - 24% of teachers have cut back expenditure on essential household items;
 - 25% of teachers have increased their use of credit;
 - 60% of teachers are unable to save;
 - 32% of teachers have had to delay eventual household repairs;
 - 7% of teachers have had to take a second job, despite the profound increases in workload, which have exacerbated the crisis in teacher supply.
- 3.5 Although these figures relate to England, there is no logical reason why Isle of Man teachers subjected to the same pay regime would not be experiencing similar effects.
- 3.6 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.

- 3.7 There was an increase in Isle of Man inflation as measured by the RPI of 20.7% from August 2010 to August 2016, meaning that teachers' pay has declined by 17.7% during this time.
- 3.8 Table A shows the effect of inflation on teachers' pay since 2010.

Table A – Shortfall in pay scales due to inflation, 2010 to date

Scale point	2015 salary	2016 target salary*	Shortfall p.a.	Cumulative shortfall since 2010
1	£22,244	£26,441.42	£4,197.42	£15,682
2	£24,002	£28,532.19	£4,530.19	£16,924
3	£25,932	£30,826.28	£4,894.28	£18,284
4	£27,927	£33,197.53	£5,270.53	£19,688
5	£30,128	£35,813.75	£5,685.75	£21,241
6	£32,509	£38,645.53	£6,136.53	£22,923
UPS1	£35,218	£41,865.59	£6,647.59	£24,833
UPS2	£36,523	£43,416.21	£6,893.21	£25,751
UPS3	£37,871	£45,019.50	£7,148.50	£26,704

* The 2016 target salary is the amount salaries would have been had they kept pace with inflation since 2010.

- 3.9 Pay restraint is also having a greater impact on Manx teachers than on teachers in the rest of the UK, due to higher inflation rates, as well as the other Crown Dependencies which are not tied to the STPCD. This is illustrated in Table B.

Table B – Comparison of real terms changes in pay

	% real terms change in pay since 2010
Isle of Man	-17.70%
UK	-13.80%
Jersey	-5.50%
Guernsey	-2.45%

- 3.10 Table B clearly shows that Manx teachers have been affected by pay restraint to a much greater extent than colleagues in other jurisdictions, including the UK, despite the same pay awards being imposed. Thus the competitiveness of the Isle of Man in terms of teacher recruitment has been substantially reduced.

- 3.11 Manx teachers are further disadvantaged as average earnings in the Isle of Man are 10% higher than in the UK,¹ making the teacher pay even less competitive.
- 3.12 In addition to the inflationary erosion of pay, teachers in the Isle of Man have been subject to significant increases to pension contributions, with an average increase of 3.2%, further eroding the pay of Manx teachers. Pension schemes in the Channel Islands have imposed minimal or zero pension contribution increases during this period, compounding the negative impact between the different islands.
- 3.13 Teachers' pay in the Isle of Man lags far behind that of both Jersey and Guernsey. Table C shows the respective pay levels in the three Crown Dependencies.

Table C: Comparison of Isle of Man pay scales to Channel Islands

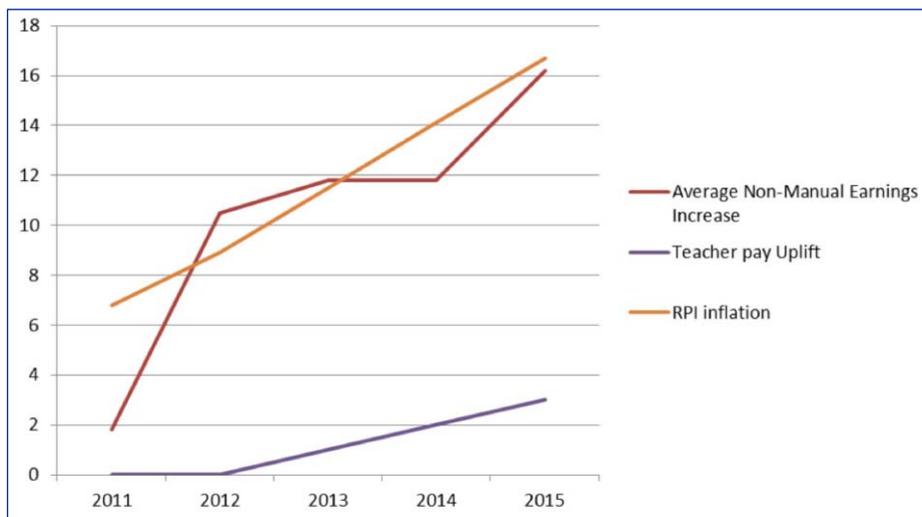
Scale point	Isle of Man 2015	Guernsey 2016	Jersey 2016
1	£22,244	£29,247	£33,900
2	£24,002	£31,443	£36,097
3	£25,932	£33,799	£38,296
4	£27,927	£36,339	£39,418
5	£30,128	£39,064	£40,546
6	£32,509	£41,996	£41,675
7	n/a	n/a	£42,802
8	n/a	n/a	£43,926
9	n/a	n/a	£45,055
UPS1	£35,218	£44,353	£46,165
UPS2	£36,523	£45,986	£47,130
UPS3	£37,871	£47,175	£48,089
UPS4	n/a	n/a	£49,055
UPS5	n/a	n/a	£50,017

- 3.14 This data clearly shows the dramatic gulf between teachers' pay in the Isle of Man compared to the Channel Islands. This can only have a negative impact on recruiting teachers wishing to adopt an island lifestyle.
- 3.15 Data from the Isle of Man Earnings Survey 2015 also shows that average non-manual earnings have generally kept pace with inflation over the period 2010-2015, whereas, as stated above, teachers' pay has fallen behind, further eroding the competitiveness of teachers' pay.

¹ Isle of Man Earnings Survey 2015.

3.16 Figure 1 shows teacher pay uplifts compared to RPI inflation and Isle of Man non-manual earnings growth. This shows that average non-manual earnings have kept pace with inflation between 2010 and 2015, the most recent year for which earnings data is available. Whilst teachers' pay has lagged significantly behind both measures, the gap between the growth in teachers' pay and that of the wider workforce is striking, underlining the reduced competitiveness of teacher pay over the last five years.

Figure 1: Cumulative teacher pay uplift compared to RPI inflation and average non-manual earnings growth 2010-2015



3.17 Additionally, teachers are at a disadvantage compared to the Isle of Man's Civil Service.

3.18 Whilst teachers have been subject to the UK Government's arbitrary pay freeze then cap at 1%, the Isle of Man Government has continued to award pay uplifts to the Civil Service. These uplifts have totalled 5.7% in the period 2010-2015, with an additional 20p per hour uplift in 2012, which would equate to 1-2% for the vast majority of teachers, meaning that, although still lagging way behind RPI inflation, civil servants have been awarded more than double the uplift teachers have received over the last five years.

3.19 It is simply unfair that teachers have been subject to a pay cap imposed by a Government of another jurisdiction whilst other Isle of Man Government employees have been granted uplifts.

- 3.20 This unfair treatment of teachers is further evidence that the DEC and Isle of Man Government are simply using the STPCD as a flag of convenience to deny teachers even a modest uplift in pay.

SECTION 4: AFFORDABILITY

- 4.1 The DEC must recognise and accept the importance of the pay award for teachers in securing the recruitment and retention of high-quality teachers and service quality across the system as a whole. Teachers' pay and conditions of service are inextricably linked to the provision of high-quality education.
- 4.2 The NASUWT believes that the DEC should bring forward recommendations on pay which not only demonstrate the important contribution teachers make to the economy but also to continue ensuring high-quality education provision. The NASUWT, therefore, urges the DEC 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 The Isle of Man weathered the recent financial storm extremely well, being one of the few jurisdictions not to go into recession in the years following the financial crash in 2008.
- 4.4 Analysis of the Isle of Man accounts shows that after running a deficit in 2012/13-2014/15, the accounts returned to health in 2015/16 with a revenue surplus of £21.8 million.
- 4.5 Total reserves currently stand at £1.4 billion, an increase of £61.2 million from 2014/15.
- 4.6 The latest *Isle of Man in Numbers* Report published by the Cabinet Office also shows the economy growing strongly and consistently over the last four years, with GDP growth in the last period covered at 4.5%, significantly higher than the UK and Channel Islands.
- 4.7 The latest unemployment figures published by the Economic Affairs Division in August 2016 show that the unemployment rate stood at just 1.3%, down nearly 25% since August 2015. This is substantially lower than that of the UK, and the lowest rate since 2008, also indicating the strength of the Manx economy.

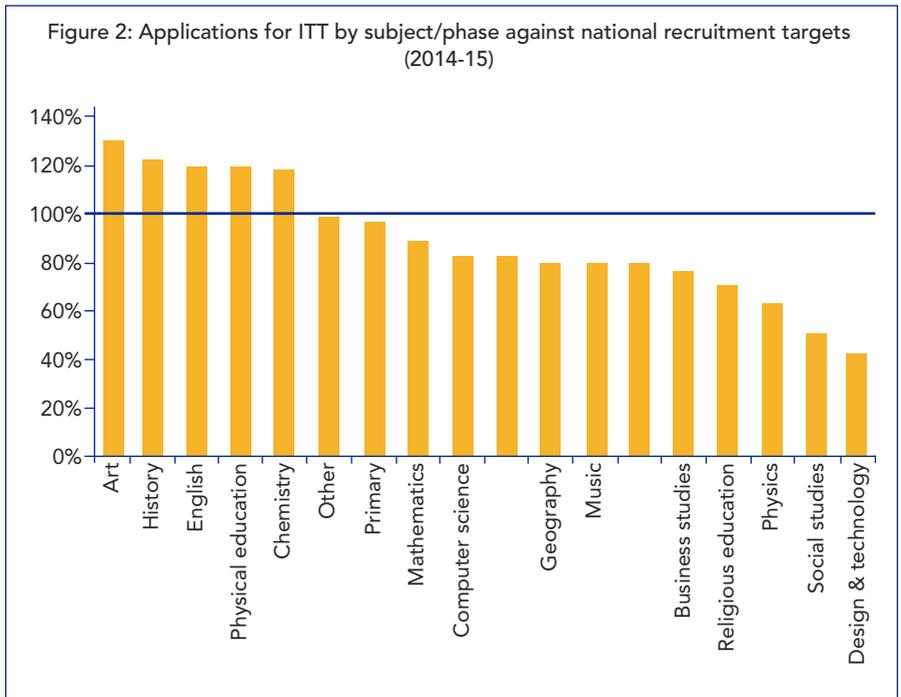
- 4.8 This indicates that the Isle of Man economy is increasingly strong. The Isle of Man Government is therefore able to afford a substantial pay uplift for teachers.

SECTION 5: TEACHER SUPPLY

- 5.1 The DEC has been quite open regarding the difficulties it is experiencing in recruiting and retaining teachers, with teachers now exempt from the work-permit regime.
- 5.2 The Isle of Man is very largely dependent on the UK for the training of teachers. The vast majority of off-island appointments come from the UK.
- 5.3 The dependence on the UK means that the Isle of Man will also be affected by the crisis in teacher recruitment and retention in England and the changes to recruitment practices.
- 5.4 The UK Government is transferring the majority of teacher training places from higher education institutions to schools under its School Direct programme. It is likely that one consequence of this will be that the numbers of newly qualified teachers entering the labour market will fall, as many will be employed by their training school. Consequently, it is likely to become more difficult for the Isle of Man to recruit high-quality newly qualified teachers.
- 5.5 The most recent data from the Universities and Colleges Admissions Service (UCAS) End of Cycle Analysis Report 2014 established that approximately 54,000 people applied to postgraduate teacher training through the new UCAS Teacher Training (UTT) application scheme in 2014.
- 5.6 While this represents a statistically insignificant increase in the total number of applications for higher education-led ITT for courses starting in 2013, it is substantially lower than the 55,502 applications made in 2012 and confirms a 13,000 decrease in the number of applications since the peak of 67,289 applicants for courses starting in 2010, a decrease in applications of approximately 20% between 2010 and 2014.
- 5.7 The Department for Education (DfE) Statistical First Release (SFR) for the academic year 2014/15 provides provisional figures on the number of

new entrants to have started, or are expected to start, on the ITT programme in England. The SFR confirms that the number of new entrants onto a training programme fell from 32,779 in the academic year 2013/14 to 32,156.

- 5.8 Despite the increase in the proportion of applications accepted, ITT courses remain significantly undersubscribed. The 19,213 entrants to primary programmes in 2014/15 represented only 93% of the DfE’s target. The DfE also fell short of its secondary recruitment target, with the 12,943 entrants to programmes representing only 91% of the number identified as necessary by the DfE. Overall, postgraduate courses met 94% of the target number of recruits, while undergraduate courses only secured 89% of the total number of entrants felt to be sufficient to sustain satisfactory recruitment levels.
- 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 (see Figure 2 below).



Source: DfE

5.10 The seriousness of the recruitment issues facing the education system is emphasised by data from the most recent DfE survey of ITT places. This shows that recruitment into an increasing number of ITT programmes is falling far below the number identified by the DfE’s Teacher Supply Model and that the position has deteriorated significantly since 2011 (see Table D below).

Table D: Teacher recruitment into specialist subjects

	2011	2012	2013	2014	2015
Other	129%	114%	118%	98%	39%
D&T	116%	85%	48%	44%	41%
Business Studies	149%	84%	87%	76%	56%
RE	102%	104%	80%	71%	59%
Art	129%	118%	98%	132%	63%
Physics	93%	97%	72%	67%	69%
Computer Science	96%	63%	57%	85%	70%
Music	106%	100%	98%	81%	74%
Geography	110%	104%	99%	81%	75%
Biology	128%	101%	95%	85%	78%
MFL	98%	103%	83%	79%	81%
Maths	102%	95%	90%	88%	85%
English	121%	111%	128%	122%	86%
Chemistry	122%	109%	127%	119%	91%
PE	132%	125%	126%	121%	100%
History	123%	117%	143%	125%	113%

Source: DfE ITT survey

5.11 The SFR identifies the particular difficulties experienced with recruitment into School Direct training places. Overall, the School Direct programme filled only 61% of the allocated places, with the School Direct fee-paying route filling only 57% of the places available.

5.12 The lack of available teachers compounds the problems caused by the salaries offered in the Isle of Man being uncompetitive with other jurisdictions. This is having a detrimental effect on the Isle of Man’s ability to recruit high-quality teachers from a rapidly decreasing pool in the UK.

SECTION 6: WIDER ECONOMIC AND LABOUR MARKET CONDITIONS

- 6.1 Figure 1 and paragraphs 3.7 to 3.9 show that, whereas earnings generally have kept pace with inflation since 2010, teachers' pay uplifts have fallen woefully short.
- 6.2 In addition to the erosion of teachers' pay through inflation, other pressures are more acute on the Isle of Man compared to the UK.
- 6.3 The most recent data from December 2015 shows the average house price in the Isle of Man stood at £265,809,² considerably higher than the average house price in Wales (£175,000), Scotland (£193,000), Northern Ireland (£148,000) and every region of England except for the East, South East and London. With these three regions excluded, the average UK house price was £218,000.
- 6.4 The average price of a flat in the Isle of Man was £172,157, almost eight times the starting salary of an NQT. The average house price is over eight times the salary of an experienced teacher on the maximum of the main pay scale. This represents a significant disincentive to those considering teaching in the Isle of Man, as it is unlikely that a single teacher would be able to own property in their own right.
- 6.5 A similar picture exists for essential commodities. For example, fuel costs are 40% higher in the Isle of Man than in the UK.³ Some foodstuffs and high street goods are also more expensive in the Isle of Man than in the UK.
- 6.6 Given that teachers' pay rates are equivalent or lower than in the UK, the cost of essential commodities means that the purchasing power of Manx teachers is considerably less than their colleagues in the UK, again acting as a significant disincentive for teachers looking to relocate.
- 6.7 Furthermore, starting salaries for teachers are currently 20% lower than the average starting salary for other graduates.
- 6.8 The most recent data produced by High Fliers Research indicates that competition in the market for graduates is intensifying and that the context is set to become much more challenging for schools to recruit

² Cabinet Office, *Isle of Man in Numbers 2016*.

³ www.iomtoday.co.im/mobile/news/isle-of-man-news/tenth-of-manx-homes-in-fuel-proverty-1-7796445.

and retain teachers.⁴ The High Fliers analysis confirms that the UK's leading employers are increasing graduate recruitment and that there is more demand for graduate labour right across the board. Education, therefore, needs to compete with other postgraduate professions.

- 6.9 The evidence presented in the High Fliers analysis confirms that starting salaries at the UK's leading graduate employers will remain unchanged at a median of £30,000, considerably more than the starting salary in the Isle of Man.
- 6.10 This represents a pay premium over teachers starting on the £23,785 minimum of the main pay scale of over £6,000.
- 6.11 The High Fliers analysis of graduate labour market trends highlights the increasing challenges facing employers in competing for top graduates. More than a quarter of top graduate employers will pay new recruits in excess of £35,000, with some offering salaries in excess of £45,000 to this year's graduates.
- 6.12 A study by Incomes Data Services also confirms that graduates can expect to earn significantly greater amounts than teachers three and five years after recruitment, with median salaries for graduates standing at £35,000 after three years and £38,585 after five years.⁵ Based on the pay scale for teachers in the Isle of Man, a new teacher who makes progression on the pay range annually could expect to receive £25,931 after three years and £30,128 after five years.
- 6.13 Although the above figures relate to the UK and not the Isle of Man, as the Isle of Man graduate market is going to be heavily skewed towards the financial services industry, it is likely that the median salary for graduates in the Isle of Man is likely to be considerably higher than that in the UK.
- 6.14 The High Fliers analysis 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 Isle of Man. Median figures for the Isle of Man do not exist, but it is reasonable to assume they will be higher than those for the UK.

⁴ High Fliers Research (2016), *The Graduate Market in 2016: Annual Review of Graduate Vacancies and Starting Salaries at Britain's Leading Employers*

⁵ Incomes Data Services (2015), *A review of school teachers' pay in England and Wales compared with other graduate professions.*

- 6.15 It should also be noted that 22% of all employment in the Isle of Man is in financial institutions,⁶ where the starting salaries greatly exceed that of teachers.
- 6.16 Given all the evidence above, there exist powerful disincentives for Isle of Man-born graduates to return to the island to teach, and for non-native graduates and teachers to come to the Island.
- 6.17 In the case of Isle of Man-born graduates, this constitutes a considerable 'brain-drain' off the Island. In a recent consultation paper on future economic growth, the Department for Economic Development stated: '*the great majority of students supported through the Isle of Man Government grant system do not return to the Island once they have graduated from university*'. For demographic, population control and economic reasons, it is better for Isle of Man-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.

SECTION 7: EQUALITY IMPACT

- 7.1 The DEC must provide a robust equality impact assessment of any teachers' proposals for the pay award, including the cumulative impact of the award.
- 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 would not only exacerbate the pay gap between men and women in teaching, given that proportionately more men than women achieve promotion, particularly in larger schools, but also impact disproportionately on black and minority ethnic (BME) and disabled teachers, who 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. BME and disabled teachers also report 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

⁶ Cabinet Office, *Isle of Man in Numbers 2016*.

reason to assume that the Isle of Man is any different. Any pay award must not exacerbate this situation.

- 7.4 This position is likely to be exacerbated in the Isle of Man compared to the UK given the Isle of Man's extremely limited anti-discrimination legislation compared to the UK.
- 7.5 The DEC must ensure that it now carries out a detailed and robust equality impact assessment to confirm that any proposals:
- do not contribute to discrimination;
 - advance equality of opportunity between different groups; and
 - 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 NASUWT believes the DEC 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 All children and young people are entitled to be taught by those who are recognised and rewarded as highly skilled professionals.
- 8.2 The NASUWT concludes that this entitlement of children and young people is at risk as a result of teachers' pay in the Isle of Man having been eroded against inflation and average earnings for at least five years.
- 8.3 There is simply no rational case for the DEC to continue to apply the uplifts from the STPCD, given the differences in circumstances between the Isle of Man and England and Wales. It is scandalous that teachers have been subject to pay restraint over and above that experienced by other Isle of Man Government employees.
- 8.4 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 irrefutable.
- 8.5 Failure to make such an award will have a detrimental impact on the teaching profession in the Isle of Man. Children and young people are entitled to be taught by those who are recognised and rewarded as highly valued professionals. The Isle of Man will not be able to sustain that entitlement if it fails to address the issue of teachers' pay, which will have a potentially devastating impact on the Island's future prosperity.



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