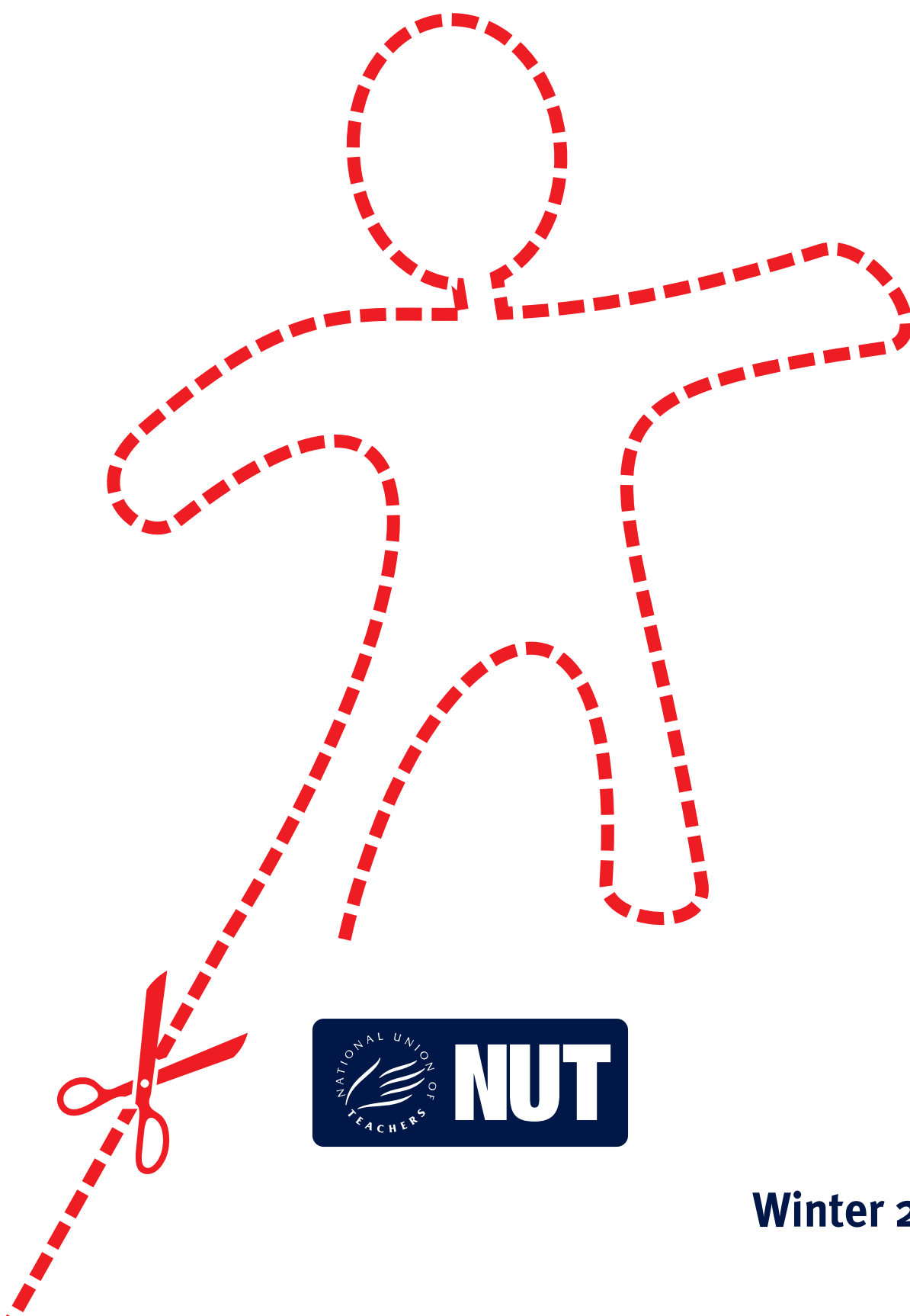


NUT Briefing on Pay, Pensions and Education Spending in Wales

Where the axe will fall



Winter 2010

This briefing analyses the implications of the Westminster Government's plans for public spending over the period 2011-15. It shows how the Westminster Government's spending review will affect Wales and how the Welsh Assembly Government's Budget for 2011-12 will affect Welsh schools and their students.

The Holtham Commission had already confirmed that Wales was underfunded in excess of £300 million per annum. Following a settlement that will see a reduction in Wales funding by a total of £1.8 billion by 2014, it is inevitable that education funding will continue to suffer.

Whilst we are told that the WAG has sought to protect schools and education services, a closer analysis reveals that schools will continue to suffer.

SCHOOL FUNDING

The Westminster Government has imposed a £900 million cut in the WAG budget for 2011-12 – a hammer blow. This will be followed by further cuts averaging 3.1% per year, a total of 12% over the four year period.

Carwyn Jones, First Minister for Wales, promised that the WAG would seek to protect investment in schools and has targeted protection for certain initiatives such as the Foundation Phase and free breakfast and milk for primary children. In doing so Leighton Andrews, Education Minister, reaffirmed his commitment to closing the gap in per capita funding between Welsh and English pupils but it is difficult to see how this will be achieved.

The WAG Budget presented on 17 November 2010 has set out how the WAG proposes to spend its funding and tackle the restrictions imposed upon it. How have our Ministers delivered in practice?

School budgets

- Spending on schools funded by the WAG Education Department and through local authorities will grow by almost 5% over the three years. Budgets for schools and skills within the Education Department will grow by 6.5% over the three years. This means the continuing roll out of the pioneering Foundation Phase for 3-7 year olds and increased funding for Flying Start over the period. In real terms, however, this represents a cut approaching 5.9%. However, the Education Minister has stated that he wants to drive change through local authorities (LAs) to ensure a more efficient delivery of their education budgets, which means that LAs could increase the delegation rates of their educational budgets from 74.8% to 80% within 2 years and 85% within 4 years. This would offset the real terms reduction in funding from the budget and reduce the funding gap but, at the time of writing, we await details of the local government spending settlement in England to find out for certain.
- The Draft Budget also reaffirms the continuation of free school breakfasts and milk for primary school children with extra funding for these initiatives.
- Additional funding of £1 million will be made available in 2011-12 to enhance school staff CPD, targeted to improve basic literacy skills through effective teaching, increasing to £3 million and then £5 million over the three years. In addition funding will be targeted towards schools' leadership and effectiveness, with increases of £2.7 million, and £4.2 million for future years.

LOCAL AUTHORITY FUNDING

Capital funding

- Capital funding has been cut by £40m over the next three years and this will have severe consequences for schools in Wales. Many schools will not now benefit from improvements to their current buildings to bring them into line with education in the 21st Century. Many schools which were seeking to move into purpose built state of the art school buildings will also be disappointed as some projects will be cancelled altogether.

CUTS TO PAY AND PENSIONS

Attacks on your pay

- The Westminster Government threatens to freeze public sector pay, including pay for teachers in England and Wales, for 2011 to 2013. It argues that schools will benefit from large savings in the pay bill due to this pay freeze.
- The NUT has yet to receive confirmation that the pay freeze will not also cover incremental progression.
- The threatened pay freeze comes after a prolonged period of below-inflation pay increases. The 2.3% pay increase in September 2010 was only half that month's RPI inflation figure of 4.6%. This means that recently qualified teachers have received £500 less and teachers on UPS3 over £800 less than they needed to maintain the real value of their pay.
- Inflation is set to stay high throughout the period of the pay freeze. The Treasury forecasts that RPI inflation will be 3.5% when the pay freeze takes effect in September 2011. This would mean further real terms pay losses of around £750 for recently qualified teachers and £1,300 for teachers on UPS3. Similar pay losses would be inflicted again in 2012 as the pay freeze continues.
- Cumulatively, the pay losses imposed could be around £2,000 for recently qualified teachers and almost £3,500 for teachers on UPS3. Can you afford to lose this much from your pay?

Attacks on your pension

- These pay losses in real terms will be compounded by actual cuts in take home pay as the Westminster Government presses ahead with its attack on public sector pensions. The Chancellor has announced plans to make you pay more for your pension from April 2012 through a threatened rise of 3% in contributions.
- A 3% rise in contributions would cost NQTs some £43 and teachers on UPS3 £73 each month. An NUT survey has shown that 84% of NQTs believe they would be unable to pay even an extra 2% per month and that 40% of NQTs would be more likely to leave teaching as a result.
- Further threats to your pension include changes to pension ages, changing the "final salary" nature of the scheme and the move to cut annual pensions increases by moving from RPI to CPI inflation. All of this adds up to "pay more, work longer and get less."

WHEN THE AXE WILL FALL

2010

- Cuts and redundancies continue in local authority services
- Local authorities will soon be finding out just how much they will lose from their budgets in 2011-12

2011

- Schools find out in February/March just how much they will lose in 2011-12
- Cuts continue in local authority services and schools are asked to pay more for those services that remain
- The front line services spending review is seeking further efficiencies so that more money can be directed to the front line
- Where services are discontinued, students begin to suffer
- Serving teachers suffer the first year of their pay freeze – take home pay starts to fall in real terms
- Unemployment rises among newly qualified teachers and redundancies continue to be made in schools that are already cut to the bone

2012

- Cuts continue in local authority services and schools are asked to pay more for those services that remain
- Teachers begin to pay more for their pension – now their actual take home pay has begun to fall – and further pension changes may follow
- Redundancies continue as does the pay freeze

The NUT will campaign against all of these cuts.

The NUT and its members must build alliances around school funding, services to schools and their students and teachers' pay and pensions.

For further information and to email your MP about the threats to your pension, go to www.teachers.org.uk/notocuts

NUT joining hotlines:

0845 300 1669 / 020 7380 6369

Monday-Friday (9am-5pm)

or join online at **www.teachers.org.uk**



The largest teachers' union