17 March 2023

Dear Gerry,

Further Education pay claim 2023/24

Further Education in England changes lives. It is a success story and should be celebrated. It provides opportunities for students to develop themselves, the skills needed for the world of work outside of education and enables them to play an equitable part in their communities and society regardless of starting point. In recent years staff in FE England have seen their pay, working conditions and professionalism undermined. The annual cycle of NJF negotiations has not resulted in meaningful and tangible outcomes that benefit staff. This year the joint trade unions claim seeks change. We want the outcomes of these negotiations to result in a pay rise linked to inflation and meaningful nd binding agreements leading to real action to address excessive workloads and a commission to start to tackle climate change.

The claim is set at a level that we believe recognises the following key points:

- Substantial increases in the cost of living over recent years have significantly reduced the value of staff wages and the rise in prices facing workers is now at a 40-year high;
- Pay recommendations should be binding. The sector has fallen behind inflation by more than 35% since 2009/10. FE pay increases need to be implemented in all colleges to keep up with inflation and start to close the pay gap;
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality education;
- Appropriate action is needed on the unsustainable increases in workload and stress placed on staff;
- Average earnings and pay settlements are surging across the economy, adding to the problem of rates running ahead of those received by staff in FE over recent years and increasing the likelihood of recruitment and retention problems in the long term;
- Nobody should be paid less than the nationally recognised Living Wage rate, which has become a benchmark for the minimum level of decent pay across the

UK and is now paid by large sections of the public services and many major private companies;
- Meaningful national bargaining is necessary to make effective use of sector resources;
- The FE sector has an important role in addressing current and future environmental challenges.

HEADS OF CLAIM

We are seeking:

- An increase of RPI (13.4%) + 2% on all pay points. 15.4% (January RPI plus 2%).
- All colleges to be accredited and pay the foundation living wage.
- Significant movement towards meaningful national agreements to address workload in colleges.
- A sector wide agreement on a new national bargaining framework for FE that builds on the reclassification of the sector with an agreement on a new National Contract FE staff.
- A national Green New Deal Agreement on a Just Transition for the sector which will include a Just Transition Commission in FE. The scope of which could include sustainability, new skills, climate justice and a road map to achieving a carbon neutral sector by 2030.

All elements of the claim to be implemented in August 2023.

Falling value of pay

The table below demonstrates the major fall in living standards suffered by staff over recent years:

Year	AoC Pay Recommendation	Cost of Living Increase (as measured by RPI[1])
2018	1%	3.3%
2019	1%	2.6%
2020	1%	1.5%
2021	1%	4.1%
2022	2.5%	11.6%

Inflation is currently running at 13.4%[2] (the highest level in over four decades) and for the value of staff wages not to fall back even further, they must at least keep pace with

[1] Office for National Statistics, Consumer Price Inflation Reference Tables, December 2022

[2] Office for National Statistics, UK Consumer Price Inflation: December 2022, published January 2023

predicted rises in the cost of living, which Treasury forecasts[3] state will be maintained at 9.8% in 2023.

Staff are experiencing an enormous surge in costs[4], including:

- A 132% increase in gas prices;
- A 65% increase in electricity prices;
- A 38% increase in mortgage interest payments;
- A 17% increase in food prices;
- A 10% rise in the price of buying a house and
- An 11% rise in rent for a new rental property

Falling behind average pay rates

The ability of the FE sector to attract and retain staff could reasonably be described as dire and will only continue to decline in the long term if the pay falls behind the going rate in the labour market. Average earnings growth across the economy is currently surging ahead at 6.4%[5] and the Bank of England predicts company pay settlements will run at 6.3%[6] over 2023. Recent vacancy rates across the economy are at their highest level in over two decades, providing staff with substantial alternative areas of employment. The table below demonstrates how FE pay settlements have fallen behind economy averages over recent years.

Year	AoC Pay Recommendation	Average pay settlements
2018	1%	2.5%
2019	1%	2.5%
2020	1%	2.3%
2021	1%	2.0%
2022	2.5%	4.0%

Living Wage becoming standard minimum benchmark

The Living Wage[1] has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living and over 11,000 employers are now accredited. Colleges are now competing in a labour market where the Living Wage of £10.90 an hour outside London and £11.95 an hour in London has become an increasingly common minimum point on the pay scale. With vacancy rates highest in low paying sectors, most of the major supermarket retailers have also lifted their starting rates to at least £10 an hour over the last year. The Living Wage has long been set as the minimum pay rate across all FE colleges in the devolved nations. In 2022/23, the AoC offered to recommend that the Living Wage be the minimum and that colleges should publish their timeframe and implementation plan. Little progress has been made towards this important benchmark to date. It is now incumbent upon the AoC to communicate how this will be achieved.

[3] HM Treasury, Forecasts for the UK Economy, November 2022

[4] Office for National Statistics, Consumer Price Inflation Reference Tables, December 2022, for electricity, gas, petrol and mortgage interest payments - Office for National Statistics, UK House Price Index: November 2022, for house prices - HomeLet Rental Index, December 2022, for rental prices

[5] ONS, Labour Market Overview, January 2023

[6] Bank of England, Decision Makers Panel, December 2022

[1] https://www.livingwage.org.uk/accredited-living-wage-employers

Recent changes have given colleges more money to invest in staff

Recent increases to central government funding for 16-19 education and capital investment have been accompanied by an undeniable improvement in the state of college finances – despite the pandemic, rising inflation, and other challenges. There is more money at colleges' disposal to invest in staff now than there was in the past decade.

The sector has entered a period of financial stability and relative prosperity and the indicators suggest this will last for at least another 3 years. Several factors have contributed to this:

- Demographic change means that colleges in most areas have an increasing pool of young people to recruit from, and this will continue to be the case throughout the current decade.
- Government funding for 16-19 education has increased more than funding for other income streams (e.g., adult education, apprenticeships, HE).
- Government funding for capital investment has also increased.
- The reclassification of FE colleges as part of the public sector by the Office for National Statistics has forced the government to further increase capital grant funding, at least on a temporary basis.
- Another consequence of reclassification is that colleges will be unable to take on new external debt. With less borrowing and interest costs colleges will have more cash to invest directly in staffing and other needs.

These factors – especially the increases to 16-19 funding and capital investment – are more than outweighing recent downward pressures on colleges' income and margins such as inflation of energy prices and the lingering impacts of the pandemic Most of these factors, positive or negative, were in play in the financial year ending 2020/21, which was the best year for the sector financially since at least 2015/16.

It is the view of the joint trade unions that we are in a new and different period in which college finances are likely to remain relatively buoyant for the next three years of so. By 2025/26 the government will need to renew or otherwise revise its current commitments in terms of 16-19 and capital funding.

Increases to 16-19 funding continue to bolster colleges' income

Two impact factors have a positive relationship on funding. Increases to the 16-19 'base' funding rate from 2020/21 onwards, and up to and including the 2.2% increase recently announced by the government for 2023/24.

These increases to the funding rate have been compounded by significant increases in the number of learners enrolled in 16-19 education at FE colleges. FE colleges' total number of 16-19 learners, and their share of the number of 16-19 learners in the education system as a whole, have both increased from 2015/16 to 2022/23 – partly as a result of a dip followed by a strong recovery in the 16-19 demographic, and partly as a consequence of the absorption of a number of sixth form colleges and other 16-19 focused providers into the FE sector through mergers and takeovers.

These changes have a considerable positive impact on colleges' income. 2020/21 saw the biggest increase in 16-19 income since at least 2015/16. Each increase in 16-19 funding has correlated with an increase in overall income, as other funding sources (e.g., adult education, apprenticeships, and HE tuition fees) have remained relatively flat.

2020-21 saw the sector's strongest financial performance in recent years

2020/21 saw the arrival of the first per-student increase to funding (by 4.7%) for several years. This was accompanied by a significant injection of new capital funding, with around £200m allocated proportionally to all colleges in the sector. As a result, colleges simultaneously managed to increase their capital expenditure and improve their financial results.
2020/21 was the best year since at least 2015/16 when measured by several the key metrics used by the ESFA and the FE Commissioner to assess colleges' financial health.
Colleges' end of year holdings of cash and cash equivalents also increased very significantly, by £390m, to a total of £1.48bn – in other words, colleges ended the year with £390m more cash than they started it with.
2021/22 was only the second year of the newly increased 16-19 funding rate. It also saw the easing and eventually the end of pandemic restrictions, and continuing activity in terms of capital funding – with a new wave of allocations from the government's FE Capital Transformation Fund and more money made available for Institutes of Technology and capital investment relating to T-Level provision.

2022/23 is set to build on college's strong financial performance in 2021/22
There are good reasons to believe that the year currently underway – 2022/23 – will see a further improvement in colleges' finances compared with 2020/21 or 2021/22.

- There is a further, 8.5% increase in the 16-19 funding rate per student. Although it comes with a requirement to provide extra contact hours to each student, UCU has estimated that for a typical college this extra provision will swallow up less than a quarter of the increase.
- Now that actual 16-19 funding allocations for the current year have been published by the ESFA (in autumn 2022), we have confirmation that core programme funding for 2022/23 is £224m higher than it was the previous year. After allowing for the cost of the extra contact hours, the increase is £172m.
- The ONS's reclassification of colleges as part of the public sector (see below) has also prompted a further injection of around £150m in capital funding to colleges.
- While some smaller funding streams continue to be at risk (e.g., adult education, where enrolment remains low), others are on a steep upward trajectory: for instance, income from commercial operations, which plummeted during the pandemic and started to recover in 2021/22.

It is clear that much-needed government investment in the sector is having a real impact on college finances. Colleges need to put this money into pay rather than hoarding cash or prioritising capital spending.

Reclassification is an opportunity to reprioritise investment in staff

The ONS's decision in late 2022 to classify further education providers as part of the public sector has far-reaching potential and actual consequences. One of the immediate actual consequences is that as public sector entities, colleges are required to abide by public sector rules regarding commercial borrowing. A moratorium on new commercial borrowing will free up cash from borrowing & interest costs that need to go to staff pay.
The upside of this is that the government will need to step in and compensate for the absence of the commercial loans which colleges previously used to fund much of their capital investment – and it has already started to do so, with £150m new grant funding announced immediately after the ONS issued its decision. The sector needs assurances and clarity on how capital funding will continue in the longer term.

Workload

The workload of staff in FE is becoming untenable and we believe action from the employers is necessary. Our 2021 workload survey of UCU members shows that:

- 41% of respondents believe their workload is mostly or entirely unmanageable
- 81% believe that the pace and intensity of work has increased significantly
- 47% believe their working hours have increased significantly in the past 12 months.

In annual surveys of support staff workload has consistently been one of the top three concerns, alongside pay and funding in colleges. While there may be a suggestion that these pressures have been made worse by the pandemic, we believe they suggest an endemic problem within the sector which the past 48 months have simply made starker.

Surveys carried out by individual UCU FE branches indicate the following are common in FE colleges:

- Working beyond contracted hours
- College management not taking workload seriously
- A lack of a healthy work-life balance
- High levels of stress caused by workload
- Excessive workloads leading to less time for 121 student support and less time to produce learning resources.

The AoC’s own report “College Staffing Challenges in 2022” noted that 96% of respondents reported that the current record level of vacancies (exacerbated by lack of pay parity with other sectors, especially schools) is creating increased pressure on existing staff. The 2021 Teacher Wellbeing Index concluded that organisational culture has a significant impact on staff wellbeing. Where a college’s organisation culture is at odds with the professional needs of staff and where college management are unwilling or unable to respond positively to trade union representation on workload, the impact on wellbeing is clear.

The lack of effective national agreements on working hours and planning, preparation and assessment (PPA) time are the root cause of excessive and unhealthy workloads. Equivalent post-16 teachers subject to School Teachers Pay & Conditions have the protection of such agreements. We note the AoC offer in June 2022 was “share terms of reference for a working party to discuss workload issues which will aim to produce “guiding principles” by April 2023. At the time of submitting this claim the work of the group is ongoing and it is not focused on a national sector level agreement on workloads.

We seek meaningful negotiations on effective national agreements which would include:

- An agreed national policy on the delivery of guided learning hours
- The resourcing of more administration and support staff
- Nationally agreed class size recommendations
- Wellbeing and workload protocols

An important aspect of excessive workload and low pay is a perception by FE college staff that they do not receive the professional esteem and regard they deserve. Effective national action on pay and workload would begin to address this. In addition, we would seek meaningful national agreement on valuing the professional judgement of practitioners including:

- Establishing college forums to agree professional development programmes
- Recognition of the positive role that union learning representatives play and the provision of facilities time
- Recommendation that colleges negotiate local learning agreements with recognised unions.

The joint trade unions note that the AoC trade union workload workgroup established after last year's negotiations has not concluded it's work or made any recommendations. As such we are reiterating our demand for a national agreement on workload.

Binding national negotiations

The outcomes of the FE England national negotiations at the National Joint Forum are a source of frustration for the trade unions. Not only is the final offer made by the AoC a recommendation, but it is also often the case that colleges ignore the recommendation. This is particularly unsatisfactory as the joint unions invest a collective effort in producing an evidence-based claim in support of our pay demands. Staff in FE have suffered some of the worst pay cuts when compared to the other educational workers. FE pay is some way behind school staff and other FE staff within the UK. The joint trade unions maintain their demand for meaningful and therefore binding national bargaining and negotiations.
We consider that the reclassification of FE offers the sector an opportunity to move to a more coherent and meaningful basis for national level NJF negotiations. The joint unions also consider the examples of national level negotiations in Wales and Scotland as good reference points for the change that's needed in England. Meaningful national bargaining and implementable outcomes means that FE staff will re-establish professional respect and parity of esteem with other educational professionals. By raising the level of pay and improving terms and conditions for all in the sector an even playing field is established.

For too long FE staff have been ignored and now is the time to work together to establish and new settlement for FE. We want the AoC to agree to meaningful and binding sector level negotiations. As such, we call on the AoC to publicly state a commitment to meaningful, binding recommendations and to work with us to make them a reality.

Just Transition Commission for Further Education

A 'Just Transition' means moving to a more sustainable economy in a way that's fair to everyone. Popular understanding and government policy often focuses on people working in polluting industries, such as heavy manufacturing, but change will need to happen in every sector. Firstly, although there is increasing realization that FE will be essential to upskilling the country's workforce, much less attention has been paid to identifying the actions that will set up the FE sector to meet society and business' changing demands for education. Secondly, research has shown that where changes are felt to be fair, they tend to have greater workforce buy-in, less opposition, lower costs, and better outcomes.

There has been a lack of planning as to what a Just Transition looks like for education, but one needs to be developed and action taken.

One of the problems for the post-16 sector has been a failure by government to effectively integrate the skills and knowledge economies into industrial and skills strategies. This failing underpins our low productivity, low wage economy and now more than ever needs to be addressed and understood as an overarching system, not ones that operate in isolation.

The AoC recently published their Green College Commitment FE[7] and highlights the need for investment in the FE workforce if they are to meet the challenges of the climate crisis, stating *"Invest in the college workforce to ensure they have the resources and knowledge to train those moving into new developing growth sectors".* However, there is no reference to how the employers' side will involve trade unions in this endeavour, which is critical if we are to achieve successfully/effectively a just transition.

Unless funding and conditions are improved now, the FE labour market stands at risk of entering a doom-loop. Future skills shortages in industry would see trained education professionals (in classrooms, professional services, and site management) being offered significantly higher salaries to leave the sector and practice their skills directly, which would, in turn, further reduce the number of educators available to deliver the curriculum. There is evidence of this beginning to happen in trades such as building retrofits and heat pump installation. Preventing further damage to the sector means securing funding and investing in staff's careers now, to retain and retrain the current FE workforce.

The need for a structured, planned Just Transition in FE is not only focused technical trades. For example, ESOL and Language teachers will need to update areas of their curriculum. Cleansers/Cleaners will be required to utilise new equipment.

The joint trade union's view is that there needs to be adequate funding for the sector to invest in workforce development in order that they can in turn deliver the green skills and jobs required by the industrial strategy and embed climate learning into the entire curriculum. We need to provide for lifelong learning for a Just Transition and protect workers who work in fossil-fuel/carbon-heavy related disciplines and research areas. As a sector we need to feed into the DfE climate strategy; and to fund research and innovation.

A proposal for Terms of Reference for a Just Transition Commission

- Membership of the commission that is representative of the staff and student body and gives a voice to under-represented and marginalized groups.
- How to protect funding and resources as colleges move towards de-carbonising targets and address shortfalls in funding (e.g £90 M fossil fuel investment)
- How to protect jobs with a move away from certain areas of study and towards new areas
- How to adequately prepare the workforce and sectors to be appropriately 'climate proofed', addressing skills, terms &conditions, and pay.
- Work with local and regional TU members and TU networks beyond education to identify skills gaps and skill needs for a Just Transition. Identifying opportunities for employment within FE and the role of FE to support a Just Transition.
- Identification of training / CPD needs.

[7] The Green College Commitment | Association of Colleges (aoc.co.uk)

- How to use the work required to meet a green new deal can support a move towards more sustainable employment models
- Jointly work to identify local and regional workforce needs and opportunities in order to sustain local economies and reduce travel impact.
- Recognition of role and need for time off for trade union environmental reps
- A learning programme for all educational institution staff, not only teachers and lecturers, on the science of the climate emergency and ecological crisis, the systems changes required to abate them, focused on the implications for their own work.
- A national programme of vocational training through the development of national centres of excellence to promote the reskilling of the workforce in line with the green skills requirements of industrial strategy (E.g. EV maintenance, charge points, infrastructure; Heat pumps (plumbing) Retrofitting buildings to be climate resilient (builders/carpenters/engineers).
- A national programme for research into the impact and outcomes of sustainability learning in terms of learning outcomes, attainment, resilience, and wellbeing.