



Defend pay, pensions and public services



the largest teachers' union

www.teachers.org.uk

Spring 2011

TEN THINGS YOU NEED TO KNOW ABOUT THE CUTS

- 2010's below-inflation pay increase and the pay freeze in 2011 and 2012 could cost newly-qualified teachers over £2,000, and cost teachers on UPS3 over £3,500.
- School funding in England and Wales is being cut in real terms: in England 60% of primary and 87% of secondary students face cuts according to independent research. In Wales pupils are already underfunded compared to pupils in England, by £604 per annum.
- Teachers and students in sixth form colleges have been hit by savage funding cuts alongside the ending of the Education Maintenance Allowance.
- The increase in pension contributions could cost newly-qualified teachers up to £61 a month and those on UPS3 £102 a month. Teachers will have to work to the state pension age to get a full pension – at least 68 for young teachers.
- The cuts are hitting local authority (LA) frontline services hard, with job losses for many including teachers working in LA services.
- Higher inflation is increasing the real terms impact of pay freezes and service cuts.
- The private sector will not be able to replace the jobs lost in the public sector.
- Public spending is essential to economic recovery – we need to invest in education to equip our young people with the skills the country needs.
- Instead of attacking the public sector the Government should address tax avoidance and evasion. A Robin Hood tax of just 0.05% on financial transactions could raise £20 billion a year from the banks which caused the current crisis.
- There is an alternative to cuts, job losses and the breakup of our public services – the huge turnout for the TUC march against the cuts showed the breadth and depth of support for the alternative.

THE REAL LESSONS

Deficit dogma versus economic reality

Background

The Government justifies its attack on the public sector with reference to the national debt, ignoring other key issues. Before looking at those key issues, let's put the national debt in context.

National debt is nothing new and is the norm for many developed economies. It has been much higher as a proportion of GDP in the past, when it was reduced through growth strategies including major public sector investment.

British public debt is significantly lower as a proportion of GDP than many of our competitors – for example France, Italy, Japan and the USA. Other international comparisons are also telling.

The Government compares our position to that of Greece and Portugal to justify cuts, but there is no comparison. Greek and Portuguese debt is much higher as a proportion of GDP. UK debt is repaid over a much longer period than in other countries, including Greece and Portugal.

Ireland – a real lesson

The Government should consider Ireland instead, where the response to recession included major cuts to public spending, pay and pensions. As public services suffered, these cuts caused a further downturn and failed to help with Ireland's deficit – leading to EU intervention and its ruling party's rout in the recent general election. In many ways, Ireland is a salutary lesson for the Government.

Public sector – key to the recovery

Growth is the key to recovery and public spending is the key to growth. The Government cannot claim to have a coherent plan for growth when it is attacking the public sector.

With the economy in difficulties Government action to inject spending power into the economy is needed to replace private sector investment. Consumers would then spend more, stimulating further production and investment. The resulting growth, higher tax revenues and lower benefit costs would help to reduce the national debt.

Public spending helped the economy back to growth in 2010, but now growth has stalled.

The private sector, which relied on public sector work such as the school building programme, has also been hit by the cuts. The Government has had to revise its growth forecast downwards.

Of 29 leading industrial countries, only Iceland and Ireland are delivering sharper cuts in public spending than the UK. Other countries are supporting growth by investing in public services.

As the economies of France, Germany and the USA grew in late 2010, the UK economy shrank.

The Government dogmatically refuses to change course, even as evidence mounts of the long-term damage the cuts are causing.

Public sector investment is the key to our future. Green technologies will secure the nation's future energy needs and reduce environmental costs. Improved economic performance requires investment in the transport and housing infrastructure. The nation's skills base depends on investment in education.

Public spending is essential in these and many other areas. The private sector focuses on short-term profits. We cannot rely on it to invest in initiatives with high up-front costs that are in the public interest and will bring long-term economic benefits.



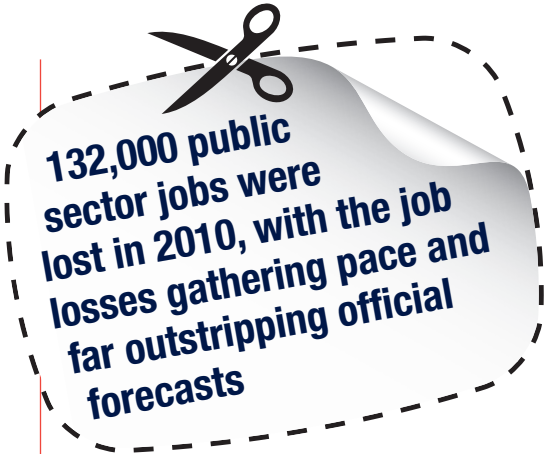
**Public spending is
the key to growth**

Cuts that don't heal

Public spending cuts cause irreparable damage. The cuts – the longest and deepest since at least 1945 – are damaging the economy, even before their full impact is felt. 2010 saw the loss of 132,000 public sector jobs, with job losses gathering pace and far outstripping official forecasts. Unemployment is at its highest since 1994, with record youth unemployment.

Job losses and pay freezes reduce spending power and tax revenue as they increase benefit costs. Early 2011 saw the biggest drop in living standards since the early 1980s, with household income down and the public sector pay freeze still to come.

Public spending cuts hit the poorest in our society hardest, increasing social divisions. Many of our most deprived areas rely on the public sector for economic activity – most of the wealth generated by public spending stays in the local economy.



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The real agenda

The Government's real objective is the breakup and privatisation of our public services. Its privatisation agenda includes academies and free schools, for which it has found extra money even as other funding is cut.

Two-thirds of councils are already embarking on privatisation programmes due to the cuts, outsourcing



Given that two-thirds of public sector jobs are held by women, the effect of job cuts on women workers will be huge

essential public services to the lowest bidder. This is another false economy – the private sector puts profit first and is not an appropriate provider of public services.

We need a strong public sector to support progressive values such as fair pay, good working conditions and equal opportunities. Given that two-thirds of public sector jobs are held by women, the effect of job cuts on women workers will be huge.

THE REAL ALTERNATIVE

There is an alternative to cuts, privatisation and job losses. Action on tax avoidance, tax collection and bank levies could fund increased public sector investment.

The Government loses tens of billions of pounds due to tax avoidance, tax evasion and lack of collection – yet the Government is cutting the frontline HMRC staff who can close this gap.

A Robin Hood Tax of around 0.05% on financial transactions could raise £20 billion a year in the UK alone – twenty times more than the Government's promised tax evasion measures. The tax, supported by the European

Parliament, would ensure that the financial sector – which caused the recession, relies on huge Government bail-outs, and has already returned to high levels of profits and bonuses – pays for some of the damage it has caused. No coherent argument has been advanced to explain why the Robin Hood Tax cannot be used.

Taxing the banks is a fairer way to balance the UK budget than regressive measures such as the VAT increase, which hit ordinary people hardest.


A person in a dark pinstriped suit is holding a large, light-colored sign. The sign contains the text 'A Robin Hood Tax' and '£20 billion a year'. The person's hand is visible at the top left of the sign, and their arm extends from the bottom left towards the sign.

A Robin Hood Tax
£20 billion a year

THE REAL CONTEXT: THE SPENDING REVIEW AND EDUCATION

Many schools faced funding problems before the cuts. Increases in funding under Labour followed major cuts in the 1980s and 1990s. Many other countries spend more on education.

Now the Government has cut education funding in real terms, failing to deliver on its promise to protect schools. The real terms cuts will be magnified by higher inflation. Schools also face cuts in



School and sixth form college funding is being cut in real terms

local authority services, lower levels of grant funding and reduced capital allocations – all at a time when there will be 350,000 additional primary pupils. Many schools are undertaking redundancy exercises as the cuts begin to bite.

Good tax could raise year in the UK alone

In England, independent analysis has shown that 60 per cent of primary students and 87 per cent of secondary students will be in schools where real funding falls even taking account of the Pupil Premium.

Sixth form colleges are also facing real terms cuts, and a 75 per cent cut in enrichment and tutorial funding. Teachers in this crucial sector face job losses and increased workload. Students will be

forced out of education by the two-thirds cut in the funding for the Education Maintenance Allowance.

In Wales, public services including education are under threat in the wake of the Westminster Government's real terms cuts of 12 per cent over the next four years.

Capital funding for schools has been slashed, even though internal Government estimates reveal a repairs backlog of £8.5 billion in England alone. The cancellation of Building Schools for the Future stopped over 700 desperately-needed school building projects.

Schools depend on local authority services. Cuts to these services are cuts to the frontline. But local authorities' funding is being savagely cut by 28 per cent over the period 2011 to 2015 and they are also being hit by a top-slice to pay for academies. Many services have been reduced or ended, with teachers and others losing their jobs.

Research has shown that young people are being disproportionately affected by the cuts – youth clubs, play groups and early years services are facing above-average cuts. Two-thirds of councils are planning to cut Sure Start services. Even Tory council leaders have warned the

Government that cuts will have 'devastating' consequences.

The removal of targeted provision will hit areas of high deprivation. Local authorities will charge more for school services, or stop providing them altogether.

THE REAL VALUE OF EDUCATION

High quality education is essential to economic growth and prosperity. We need a highly-skilled workforce to compete in the global economy. This means more and better-paid teachers, not cuts.

Education cuts have major human, social and economic costs. Children excluded from school or who leave school with poor skills cost the economy in lost earnings, lower tax receipts, higher crime and increased benefit payments.

Education's economic importance has long been reflected in research. The emergence of mass education made possible the sustained economic growth, prosperity and technological change of the modern era. Improving the conditions of learning – for example, reducing class size and increasing non-contact time for teachers – is an investment, not a cost.

THE REAL COST OF ATTACKS ON PAY AND PENSIONS

Public sector pay and pensions are not too generous – they are essential to developing a healthy public sector, which in turn plays a vital economic role.

Research has shown that virtually every category of public sector worker would be paid more for doing the same job in the private sector. Teachers, for example, receive lower starting salaries and slower pay progression than those in other graduate professions.

Pay

The Government's public sector pay freeze for 2011 to 2013 follows a prolonged period of below-inflation teacher pay increases. As a result newly-qualified teachers face losses of over £2,000 and teachers on UPS3 over £3,500. The real terms impact of the freeze will be increased by higher inflation, with RPI hitting its highest level for 20 years in early 2011. The Government's tax increases, for example the increase in National Insurance contributions, are also hitting teachers.

Pay freezes and real-terms pay cuts for teachers and other public sector workers reduce the spending power needed to drive economic recovery.

Teaching must offer pay levels to attract the best graduates to the profession. As with other areas of public sector pay, teachers' pay must be seen as an investment in our future.

Pensions

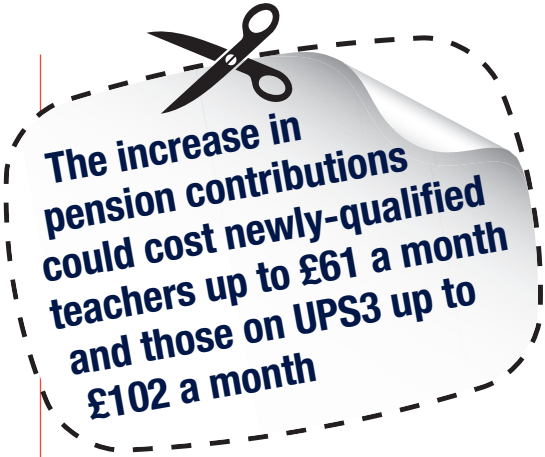
Public sector pensions are not 'gold plated' and they are affordable. The National Audit Office has confirmed that public sector pension costs are falling as expected due to the reforms already in place, which



include higher contributions, raising the pension age to 65 for new entrants and capping employer contributions.

John Hutton's final report threatens teachers with having to work to at least 68 – this is in no one's interests, from the older teachers needing to retire to the young teachers seeking jobs. The Government had previously changed the pensions link from RPI to CPI, cutting thousands from teachers' retirement income, and announced a 50% increase in pension contributions which will cost NQTs up to £61 a month and older teachers much more. These measures will price many teachers and public sector workers out of pension schemes and lead to dependency on the state in old age. This is in no one's interests.

Pensions are part of public sector workers' total pay package. Public sector workers are saving for their retirement as the Government wants. This should be commended, not condemned.



The increase in pension contributions could cost newly-qualified teachers up to £61 a month and those on UPS3 up to £102 a month

The Government doesn't get it – cuts are the problem, not the solution.

So, what's next

- **The huge turnout for the TUC march in London, including many thousands of NUT members, sent a powerful signal to the Government and the country.**
- **Join NUT campaigns to protect pensions, jobs, funding and the education service.**
- **Ask any teachers not in a union to join us.**

School representative – thank you – you’re making a difference

Every week thousands of NUT members benefit because of the work that you do in schools. Members are better informed, workplace problems are solved. Many more teachers join us, increasing our influence.

If you feel you want to increase your involvement, there are plenty of ways of extending your activity beyond the workplace:

- Go along to division/association meetings
- Take up a role in your division/association
- Engage with local training
- Get involved in one of the Union’s self organised groups

Your key point of contact is your division/association secretary. Go to www.teachers.org.uk/contactus for their details.

Ask your colleagues to join us – details overleaf

Members – please take an active role in your NUT school group

No rep in your school? Please elect one

If there is currently no rep in your school, please get together with your colleagues to elect one. Once a rep has been elected please notify your division/association secretary, whose details can be found on your membership credential or at **www.teachers.org.uk/contactus**

NUT – the only union that recruits only qualified teachers, or those who are on courses or in posts that will lead to teacher qualification.

NUT joining hotlines:

0845 300 1669 • 020 7380 6369

Monday-Friday (9am-5pm)

or join online at

www.teachers.org.uk

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