



North Tyneside Council

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Briefing note

To: Schools Forum

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Purpose of the Paper:

Information	√
Consultation	
Decision	√

Title of Briefing: Special Leave SLA (Part 1 and 2)

Background

An update was provided to Schools Forum in January 2018 noting proposed changes; the current SLA provides for all schools in North Tyneside to access a pooled fund (paid for by schools) with a combined fixed cost of £24.73; however information presented notes notional cost as follows:

- Part 1 - Maternity, Paternity & Jury Service (teachers only) provides for schools to be refunded for the total cost for teachers on this leave type including statutory elements, salary and employer costs for the duration of the paid leave. The cost is the same for all schools and has been set at a notional value of £22.90 per pupil.
- Part 2 - Trade Union Facility Time provides for those schools who release their employees to support other North Tyneside schools to claim a refund of the associated employment costs. The cost is the same for all schools and has been set at a notional value of £1.83 per pupil.

The combined SLA provides for full costs reimbursement to employer schools for Part 1 and Part 2 (excluding allowances for Part 2) and previous reports have been provided to Schools Forum noting use and utilisation. It was proposed at the January 2018 meeting that Part 1 would cease from 1st September 2018 and Part 2 would continue at an increased charge of £3.50 per pupil from the 1st April 2018.

Current Position:

This SLA has been in place for some time and the rate of £24.73 has not been increased, whilst the overall budget allocated has increased slightly due to increasing pupil numbers overall, the costs associated have continued to increase – due to a number of factors but in the main the number of claims, schools workforce growth, salary progression/ base line of claimants and associated employer costs all increasing.

School Forum noted that they required additional information before they could recommend a way. Background and analysis for consideration, which has been informed by past practice/ legacy claims are noted. It is on the basis of the information provided that the following recommendations are made to Schools Forum for consideration:

Recommendations:

Schools Forum having considered this report and clearly understanding the information provided note and agree the recommendations:

- determine if they wish this SLA to continue to operate from 1st April 2018 –
 - a. Part 1 – Maternity , Paternity, Adoption, Shared Parental Leave and Jury Service
 - b. Part 2 – Trade Union Facility Time (TUFT).
- if this SLA is to continue operational changes which will allow the actual costs/ utilisation to be managed and advised to Forum will be as follows:
 - a. the SLA can operate within its own budget allocation.
 - b. no payments will be made to a school throughout the year as the SLA will be required to operate within the annual budget window and for all claimant schools to have equal access to the funds available.
 - c. each school will fully fund their own costs associated on an on-going basis and reimbursement will only be made retrospectively (before end of year/ accounts are closed/ concluded).
 - d. reports on the use, utilisation and spend profile will be presented to Schools Forum in September, December, January and before financial close of the performance of these SLA's.
 - e. acceptance that for each year of operation, using information within presented including analysis/ projections Schools Forum will decide:
 - i. If there are sufficient funds available at year end full value/ 100% of each claim will be reimbursed;
 - ii. If there are not sufficient funds to make a decision to pay claims at a lesser value, or
 - iii. to work with the Local Authority to ensure that claims can be paid at full value and for the revised/ updated charges to be secured from each school to achieve this.

Part 1 – Maternity, Paternity & Jury Service

Background: this SLA has been operational for some time and whilst the monies paid into the SLA have increased slightly overtime (due to increasing pupil numbers) the associated changes linked to profile of claimants and associated employment costs and the need to be able to accommodate Shared Parental Leave (which is different from Paternity Leave). Only the costs for teaching staff are included and whilst the majority of claims are for maternity leave – the benefits for which are noted below¹, other leave is also funded on a similar basis with the exception being Paternity Leave (2 weeks paid leave) and Jury Service (variable in both duration and costs and offset against Jurors allowances).

Maternity is by far the bulk of the claims and providing for both employee benefit and employer costs (offset against statutory pay/allowances SMP/SMA) to be fully funded. Claims are variable in both number, cost and duration as employees also determine their leave on individual circumstances; the resulting predictions and budget planning requires a wider number of assumptions. The vast majority of claims, however, consistently use all of the paid leave element, what is unpredictable is when the leave commences; accepting that there is variance the use and spend profile remaining consistent for a number of years, with budget/ use profile always maintaining a risk of overspending. 2016/17 was an exceptional year and the spend profile for this year was not consistent with previous years.

Spend Analysis: the budget and spend for each of the past two and the current financial year is noted in the table below (for the current year this notes those 'in-claim' up to 28th February 2018). A number of these claims will continue to 31st March 2018 (and beyond) whilst others may come to an end and other new claims will be active from 1st March 2018.

Table 1 – Spend Analysis

	<u>2015/16 Actuals</u>	<u>2016/17 Actuals</u>	<u>2017/18 Forecast (Feb 18)</u>
	£	£	£
Income from Schools	496,914	503,403	503,817
SMP Credits	502,247	602,964	419,000
Total Income	999,161	1,106,367	922,817
Employee Costs Pay/Ni/Pension	1,011,893	1,124,241	854,000
Total Expenditure	1,011,893	1,124,241	854,000
Shortfall/(Surplus)	12,732	17,874	-68,817

Using the notional SLA value for Part 1, the budget did overspend in 2015/16 and 2016/17. Using data available up to 28th February 2018, current refreshed forecasts are now projecting for 17/18 an under spend of just under £70,000.

Utilisation/Use: the number of schools who purchased the SLA has remained consistent at 75 out of 78. All maintained are placed into the SLA via a Schools Forum de-delegation decision. For schools outside of this arrangement a specific SLA also operates. The claim profile below demonstrates the range of claims for the current and one year prior and the number and range of claims.

¹depending on service criteria 100% x 4 weeks (inclusive of SMP), 2 weeks 90% (inclusive of SMP), 12 weeks half pay (inclusive of SMP), 21 weeks SMP, 13 weeks unpaid. (Where individual has less than 12 months continuous service benefits are the same but employer is not able to reclaim SMP and/or SMP is not payable to the individual at week 21 but individual may qualify for SMA).

Table 2 - Utilisation

Claim Ranges						
16/17	Winners	minimum gain	£ 211	maximum gain	£ 32,057	
17/18			£ 1,725		£ 34,526	to 31st Dec 17
16/17	Losers	minimum loss	£ 44	maximum loss	£ 9,746	
17/18			£ 362		£ 13,039	to 31st Dec 17
16/17	Schools who have	Claimed	37	Not Claimed	17	
17/18			27		21	to 31st Dec 17
		Eligible Members	78	Actual Members	75	
Employees Claimed	2015/16	136				
	2016/17	161				
	2017/18	127				

Analysis shows use across all school sectors, the actual value of claim paid to each school does vary as it depends on the individual, their career history and personal choices, etc. It is also worth noting that whilst the majority of claims are for Maternity Leave and can be offset against SMP credits, this is not the case for all claims as for the other leave options this is not available.

Assumptions/ Predictions: it is difficult to manage spending effectively within the existing operation of this SLA as the duration, actual number and value of each claim varies. To be able to work forward with a shared understanding of how the employee benefits operate, the following illustration aims to demonstrate/ provide clarity and notes a number of assumptions that need to be considered in any future predictions/ operation. The illustration provides for a 'typical' employee's maternity leave and the maternity benefit available – the illustration notes both employer costs and credits associated with maternity leave.

Illustration Maternity Leave

SMP In Total	39	£ 5,498.22							
Average Employee on			weeks pay	SMP	SMP Total Cost	Cost to Employer		Paid to Employee	
£ 38,000	4 full weeks includes SMP	£ 728.81	£ 140.98	£ 563.92	£ 587.83	£ 2,351.31	£ 869.79	£ 3,479.15	
	2 weeks at 90% includes SMP	£ 655.93	£ 140.98	£ 281.96	£ 514.95	£ 1,029.89	£ 796.91	£ 1,593.81	
Weekly Wage	12 weeks half pay plus SMP	£ 364.40	£ 140.98	£ 1,691.76	£ 364.40	£ 4,372.84	£ 505.38	£ 6,064.60	
SMP £140.98	21 weeks SMP	£ -	£ 140.98	£ 2,960.58	£ -	£ -	£ 140.98	£ 2,960.58	
	13 weeks unpaid	£ -	£ -		£ -	£ -	£ -	£ -	
Employer On Costs Salary and SMP	assuming 30% average				£ 693.92	£ 4,229.44			
Total				£ 5,498.22	£ 2,161.09	£ 11,983.49	£ 2,313.06	£ 14,098.14	
Average Employee on			weeks pay	SMP	SMP Total Cost	Cost to Employer		Paid to Employee	
£ 32,000	4 full weeks includes SMP	£ 613.73	£ 140.98	£ 563.92	£ 472.75	£ 1,891.01	£ 754.71	£ 3,018.85	
	2 weeks at 90% includes SMP	£ 552.36	£ 140.98	£ 281.96	£ 411.38	£ 822.76	£ 693.34	£ 1,386.68	
Weekly Wage	12 weeks half pay plus SMP	£ 306.87	£ 140.98	£ 1,691.76	£ 306.87	£ 3,682.39	£ 447.85	£ 5,374.15	
SMP £140.98	21 weeks SMP	£ -	£ 140.98	£ 2,960.58	£ -	£ -	£ 140.98	£ 2,960.58	
	13 weeks unpaid	£ -	£ -		£ -	£ -	£ -	£ -	
Employer On Costs Salary and SMP	assuming 30% average				£ 611.06	£ 3,822.08			
Total				£ 5,498.22	£ 1,802.06	£ 10,218.24	£ 2,036.88	£ 12,740.26	
Average Employee on			weeks pay	SMP	SMP Total Cost	Cost to Employer		Paid to Employee	
£ 26,000	4 full weeks includes SMP	£ 498.66	£ 140.98	£ 563.92	£ 357.68	£ 1,430.71	£ 639.64	£ 2,558.55	
	2 weeks at 90% includes SMP	£ 448.79	£ 140.98	£ 281.96	£ 307.81	£ 615.62	£ 589.77	£ 1,179.54	
Weekly Wage	12 weeks half pay plus SMP	£ 249.33	£ 140.98	£ 1,691.76	£ 249.33	£ 2,991.94	£ 390.31	£ 4,683.70	
SMP £140.98	21 weeks SMP	£ -	£ 140.98	£ 2,960.58	£ -	£ -	£ 140.98	£ 2,960.58	
	13 weeks unpaid	£ -	£ -		£ -	£ -	£ -	£ -	
Employer On Costs Salary and SMP	assuming 30% average				£ 274.45	£ 3,414.71			
Total				£ 5,498.22	£ 2,991.32	£ 8,452.99	£ 1,760.70	£ 11,382.38	

The illustrations notes cost to the employer, SMP/SMA credit and the payment that the employee receives. It is important to note that whilst the employer pays the employee directly and the full cost of the maternity pay is offset against the SMP/SMA credit (thereby reducing the employers overall spend) the employer is still required to pay the employer 'on-costs' on the full benefit – e.g. national insurance and pension on the full costs of the benefit including SMP/SMA. In addition to the illustration, the following questions/ assumptions need to be noted to better understand any future predictions:

SMP will changes to £145.18 on 1st April 18
2018 Salary Awards not included
There are no NIC or Pension increases for employer planned in April 2018 however Teachers Pension may be within a window of re-evaluation within the financial year
Salary progression
Assumes individual takes all of their maternity leave entitlement
Assumes SMP is applicable at full value for the duration of the leave
Assumes all employees are full time

Average Claim Value/ Costs: using data from the past and current years the number of claims have seen a steady increase, for estimation purposes an assumed average year presents 140 claims, with a set claim value in the region of £8,000 per employee and an SMP offset at 68%.

In Summary: to operate for the next 12 months, pending a further review, there will be a need to develop some better predictions and for colleagues to have more confidence in said predictions, it is accepted that there are a number of expectations:

- more robust monitoring and reporting will need to be in place,
- the value of the SLA overall and the contribution factor will need further consideration/ review,
- SLA users understand that they fund the full costs of the benefit,
- there is the potential that further financial contribution, per SLA school during the year of operation may be required,
- the SLA will operate at a balance budget/ nil cost,
- claims may not be paid at full value,
- all claims will be paid retrospectively before year end.

Part 2 – Trade Union Facility Time (TUFT)

Background: this SLA has been operational for some time and whilst the monies paid into the SLA have increased slightly overtime (due to increasing pupil numbers) the associated changes due to increasing employment costs, growing schools workforce, membership levels increasing and full cost reimbursement to host/ home schools.. In addition the use profile has not been consistent - a number of trade unions are now more active and the support provided for Unison and GMB (via a wider employee relations framework that all schools are part of linked into North Tyneside Council (NTC)) has increased - whilst the provision has always been made for such supporting the wider employee relations framework; the SLA is now accommodating a wider cost profile than it has historically.

The SLA applies equally to all employees in schools – including teaching, leadership and support staffs via an annual agreement which ensures close monitoring and management of actual use of time allocations. Refunds to host/ home schools account for the majority of spending followed by the legacy agreement ² accounting for the remainder of the actual spending each year. The time allocated per trade union is linked to membership levels and is kept under annual review; however, there is a need to further review this for 2018/19.

Spend Analysis: the table below notes spending for the past two and the current SLA year.

	<u>2015/16 Actuals</u>	<u>2016/17 Actuals</u>	<u>2017/18 Forecast (Feb 18)</u>
	£	£	£
Total Income from Schools	92,414	93,909	93,909
Expenditure -Direct TU - Schools	102,864	88,489	90,000
Expenditure – Indirect TU NTC	63,545	75,457	75,457
Total Expenditure	166,409	163,946	165,457
Shortfall	73,995	70,037	71,548

Use/Utilisation: Whilst claims are variable and not all Trade Unions consistently claim each year, time allocations (in days) are agreed in advance (1st April each year) to set parameters but again it is the cost parameter associated with the provision that is variable/ has increased over time.

4 years historic analysis shows:

Unit = Days		Claim/Useage History				Total over 4 years	Average over 4 years
TU	Annual Allowance	14/15	15/16/	16/17	17/18(*)		
NASUWT	190	132	119.1	138.61	117.31	507.02	126.76
NUT (as was)	190	164.4	95	75.5	67	401.9	100.48
ATL (as was)	90	29.14	19	53	52	153.14	38.29
NAHT	90	6	10.19	8.92	0.5	25.61	6.40
ASCL	90	0	0	0	13	13	3.25
Unison	50	17.01	4.38	6.66	6.36	34.41	8.60
GMB	50	8.04	5.54	5.45	11.7	30.73	7.68

(*projection to 31st March 2018)

² supporting both Unison and GMB to directly support staff members in schools on a number of matters including case work, job evaluation, central NTC policy, pay and grading structures, etc. that all school employers use/ are part of and the operation of a Joint Employee/ Employer Consultative Forum actively involving the teacher, support staff and one leadership trade union

Utilisation/Use: the number of schools who purchased the SLA has remained consistent at 78 out of 78. All maintained are placed into the SLA via a Schools Forum de-delegation decision. For schools outside of this arrangement a specific SLA also operates. The claim profile below demonstrates the range of claims for the current and one year prior and the number and range of claims.

Assumptions/ Predictions: It is important to note that whilst the table above offers indicative data this is at the moment for illustrative purposes only, for 2018/19 further discussions on the underpinning annual agreement cannot be concluded with the respective trade unions until Schools Forum agree to support this SLA. Further consideration will need to be factored into those conversations as follows:

- as already indicated two teacher trade unions have merged the basis for days allocated be reviewed,
- the majority of Unison and GMB support for members is provided via the NTC arrangement, the basis for days school allocations be reviewed,
- NAHT and ASCL limited to 'school leaders' the basis for days allocated be reviewed,
- the overall membership levels and allocations for all trade unions to be reviewed annual to reflect membership levels and profiles - as some trade unions have increased the scope of their members and do not just support one staff grouping to ensure clarity in membership profiles and for funding routes/ streams to be clear.

Average Claim Value/Costs: using data from the past and current years the number of claims have remained within allocations, fairly static overall but the associated employment costs have increased overtime.

In Summary: to operate for the next 12 months, pending a further review, there will be a need to develop some better predictions and for colleagues to have more confidence in said predictions, it is accepted that there are a number of expectations:

- more robust monitoring and reporting will need to be in place,
- the value of the SLA overall and the contribution factor will need further consideration/ review,
- SLA users understand that they fund the full costs of the benefit,
- there is the potential that further financial contribution, per SLA school during the year of operation may be required,
- the SLA will operate at a balance budget/ nil cost,
- claims may not be paid at full value,
- all claims will be paid retrospectively before year end.

Data

Schools Forum has indicated that they wish for further information/ additional analysis before they can make a determination on whether or not both parts of this SLA are to remain. The Following information is also noted to support this wider/ broader understanding

Pupil Data as at October 2017 Census

Pupils	1,847.00	EY - N2
	26,958.00	R - Y11
	1,640.00	Y12- Y14
	30,445.00	Total

Employee Headcount as at 31st January 2018

Employee Headcount	1672	Teachers
	2801	Support
	425	Academy
	4898	Headcount