

Distribution Sub-Group (2015) Paper 10 – Teachers Registration Subsidy Transfer Out

This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

Removal of funding relating to School Teachers entitlement to Registration subsidy

Summary

1. This paper summarises the potential Local Government Settlement considerations arising from the Welsh Government's proposal to amend the School Teachers Pay and Conditions Document (STPCD) to remove from the Settlement, the statutory £33 registration subsidy which Local Authorities provide to all Local Authority employed school teachers in Wales and to re-distribute this subsidy across the whole education workforce to help subsidise registration fees for all practitioners..

Views Sought

2. The Distribution Sub-Group (DSG) is being asked to note the Welsh Government's proposal to amend the STPCD and to consider the distributional implications of the transfer of funding out of the Settlement relating to the statutory subsidy entitlement.
3. The DSG is asked to agree (in principle) the proposed method of distribution on which the transfer out would be based if an amendment to the STPCD is made as set out in paragraph 17.

Background and Analysis

4. In 2015, the General Teaching Council for Wales was reconfigured to create the Education Workforce Council (EWC), and this saw professional registration extended to include Further Education (FE) teachers working in FE Institutions in Wales. Most recently, professional registration has been extended further to include all school and FE based Learning Support Workers in Wales.
5. The Education (Wales) Act 2014 provides the Welsh Ministers with powers to make regulations in relation to fees payable for registration with the EWC. The Welsh Government commissioned a 12 week consultation in July 2014. The consultation sought views on proposals for the EWC's registration fee models.
6. The Welsh Government preferred option was to remove section 28 from the STPCD, which places a statutory duty for Local Authorities to provide a £33 subsidy to all school teacher employed in a maintained school; and to re-distribute this subsidy across the whole education workforce to help subsidise registration fees for all practitioners.
7. School Teachers Pay and Conditions is a non devolved policy, and is decided by the School Teachers Review Board (STRB), who make recommendations to the Secretary of State for Education (SoS). As our proposals had been subject to a full

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consultation, the Welsh Government made a formal request to the SoS to dispense with the usual arrangements, and simply remove section 28 from the STPCD. However, the SoS took the decision to refer the matter back to the STRB who have subsequently consulted on the removal of the subsidy. A final decision is expected by June 2016. DSG is asked to consider the principles of the transfer now rather than awaiting this final decision.

8. Whilst the 2016-17 fee model was not the Welsh Government’s preferred option (as set out in DSG(2015) paper 11), it still re-distributes the £33 subsidy by charging those school teachers (in receipt of the subsidy), £78. The current fee levels for each registration category are listed in the table below:

Table 1: The EWC’s 2016-2017 Fee

Registration Category	Registration Fee	Subsidy	Practitioners Contribution
School Teachers	£78*	£33	£45
FE Teachers	£49	£4	£45
School Learning Support Workers	£49	£34	£15
FE Learning Support Workers	£49	£34	£15

*only those school teachers in receipt of the £33 subsidy pay £78, all other school teachers not in receipt of the £33 subsidy pay £45.

Financial Implications

Quantum

9. Welsh Government officials are currently working with the EWC and National Statistics to get an exact number of school teachers working in Wales who are entitled to, and are in receipt of the subsidy. We already have a run of five years of figures that show the school teachers in receipt of the £33 subsidy paying for their registration via salary deduction (Table 2 shows).
10. However, the EWC has indicated that there is approximately an additional 4,000 school teachers, year on year, that enter the system that are also entitled to and do receive this allowance (i.e. school teachers starting new posts for other teachers coming out of the system - retirement, maternity leave, long term sickness, etc.).

Table 2: Number of School Teacher Registrants who pay via Salary Deduction

Method of Payment	Number of Registered School Teachers					Average
	March 2012	March 2013	March 2014	March 2015	February 2016	
Salary deduction	28,500	28,435	28,564	28,306	27,959	28,353

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11. Based on a five year average of the known number of school teachers paying for their registration via salary deduction (28,353) and the indicated figure of school teachers entitled to the £33 subsidy (approx. 32,000), we are expecting the actual amount of funding to be between £935,649 (28,353 x £33) - £1,056,000 (32,000 x £33). Welsh Government officials propose a Settlement transfer figure of £1,000,000, which is equivalent to 30,300 school teachers and is based on an approximate average of both figures (28,353 and 32,000).

Distribution

12. Assuming a transfer out of the Settlement of £1 million is agreed, members will need to consider the distributional basis on which the funding is transferred. There are two suggested options for this transfer:
 - I. Transfer the funding out from the Schools Services Sector at the Wales level;
 - II. Transfer the funding out as a negative IBA based on the shares of the number of registered school teachers.
13. **Option I** offers the most straightforward method for transferring the funding out of the Settlement, where the £1 million is removed from the Schools Services sector total before the notional funding is divided into Indicator Based Assessment (IBA) totals. There is no need to create an extra IBA, and no need for the inclusion of any new data in the Settlement model. The only downside is that there will be discrepancies in the reduction in Authorities' need to spend and the amount that is removed from each Authority's Settlement.
14. **Option II** provides the most appropriate estimate of the reduced need to spend by Local Authorities but has the added complication of using new data in the Settlement, while adding another layer of complexity through the creation of a new, negative IBA. The DSG has spoken in the past about its disinclination to use negative IBAs for transfers out.
15. Table 3 in the annex shows the difference in Standard Spending Assessment (SSA) reductions between options I and II.
16. As the different bases for distribution only account for a re-distributional difference of £18,000 out of the £1m transfer, it is recommended to go with option I.

Conclusion

17. If the SoS for Education agrees to the Welsh Government's request to remove section 28 from the STPCD, which entitles all Local Authority employed school teacher to a £33 subsidy, it is proposed that a sum of £1,000,000 be transfer out of the Settlement in 2017-18 on the basis of the Schools Services Sector (option I).

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Related paper:

DSG (2015) Paper 11: Teachers Registration Subsidy Transfer Out

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Annex

Table 3: Exemplification of Options for Transfer out of the Settlement of Teachers Registration Subsidy

Unitary authority	Reduction in SSA based on:		Difference	
	Option I: School Services Sector IBA	Option II: Teacher numbers ¹	Value	Percentage share (% point)
	<i>£000s</i>			
Isle of Anglesey	23	22	-1	-0.1%
Gwynedd	41	40	-1	-0.1%
Conwy	35	35	0	0.0%
Denbighshire	34	36	2	0.2%
Flintshire	50	53	3	0.3%
Wrexham	42	43	1	0.1%
Powys	43	43	0	0.0%
Ceredigion	24	22	-1	-0.1%
Pembrokeshire	40	40	0	0.0%
Carmarthenshire	62	62	0	0.0%
Swansea	73	74	1	0.1%
Neath Port Talbot	46	43	-4	-0.4%
Bridgend	46	49	3	0.3%
The Vale Of Glamorgan	43	48	5	0.5%
Rhondda Cynon Taf	81	79	-2	-0.2%
Merthyr Tydfil	19	19	0	0.0%
Caerphilly	62	59	-4	-0.4%
Blaenau Gwent	22	18	-4	-0.4%
Torfaen	31	30	-2	-0.2%
Monmouthshire	26	25	-1	-0.1%
Newport	50	50	0	0.0%
Cardiff	106	111	5	0.5%
Total Unitary Authorities	1,000	1,000	0	0.0%

1. Based on the latest (March 2016) percentage share of school teacher registrants who pay via salary deduction, for illustration purposes