



School Teachers'
Review Body

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TWENTY-EIGHTH REPORT – 2018

Chair: Dr Patricia Rice



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Presented to Parliament by the Prime Minister
and the Secretary of State for Education
by Command of Her Majesty

July 2018



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Any enquiries regarding this publication should be sent to us at
Office of Manpower Economics
Fleetbank House
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TERMS AND ABBREVIATIONS

Consultee organisations which made representations and provided evidence to the STRB

ASCL	Association of School and College Leaders
BATOD	British Association of Teachers of the Deaf
The Department	Department for Education
NAHT	National Association of Head Teachers
The NASUWT	
NEOST	National Employers' Organisation for School Teachers
The NEU	National Education Union
NGA	National Governance Association
Secretary of State	Secretary of State for Education
UCAC	Undeb Cenedlaethol Athrawon Cymru
Voice	
Welsh Government	
<i>Other</i>	
ASHE	Annual Survey of Hours and Earnings
BAME	Black, Asian and minority ethnic groups
CPD	Continuing professional development
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
DSG	Dedicated schools grant
DWP	Department for Work and Pensions
EBacc	English Baccalaureate
Estyn	Education and training inspectorate for Wales
GDP	Gross Domestic Product
HESA	Higher Education Statistics Agency
HMRC	Her Majesty's Revenue and Customs
IFS	Institute for Fiscal Studies
ISE	Institute of Student Employers (formerly Association of Graduate Recruiters (AGR))
ITE	Initial Teacher Education (Wales)
ITT	Initial Teacher Training (England)
LEO	Longitudinal education outcomes
LGBT+	Lesbian, gay, bisexual, transgender plus
MPR	Main Pay Range
NFF	National Funding Formula
NPQ	National Professional Qualification
NPQH	National Professional Qualification for Headship
NQT	Newly Qualified Teacher
OBR	Office for Budgetary Responsibility
OECD	Organisation for Economic Co-operation and Development
Ofsted	Office for Standards in Education, Children's Services and Skills
OME	Office of Manpower Economics
ONS	Office for National Statistics

Pupil Premium	Additional funding in England to help schools raise the relative attainment of children who are disadvantaged
QTS	Qualified Teacher Status
RPI	Retail Prices Index
School Direct	ITT based in schools
SCITT	School-Centred Initial Teacher Training
SOC	Standard Occupational Classification
STPCD	Department for Education (2017) <i>School Teachers' Pay and Conditions Document and Guidance on School Teachers' Pay and Conditions</i>
STRB/Review Body	School Teachers' Review Body
SWC	School Workforce Census
TLR	Teaching and Learning Responsibility
TPS	Teacher Pension Scheme
TPSM	Teacher Planning and Supply Model (Wales)
TSM	Teacher Supply Model (England)
UCAS	Universities and Colleges Admissions Service
UPR	Upper Pay Range
WLE	Women Leading in Education

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THE SCHOOL TEACHERS' REVIEW BODY

Our role

The School Teachers' Review Body (STRB) was established in 1991 as an independent body to examine and report on such matters relating to the statutory conditions of employment of school teachers in England and Wales as may from time to time be referred to it by the Secretary of State for Education. The STRB reports to the Prime Minister and the Secretary of State. The legal foundation for the function and work of the STRB is Part Eight of the Education Act 2002. The secretariat for the STRB is provided by the Office of Manpower Economics (OME).

The members of the STRB are:

Dr Patricia Rice (Chair)

Peter Batley

Sir Robert Burgess

Ken Clark

John Lakin

Mike Redhouse

Jeanne Watson

Executive summary

Our remit on pay for September 2018

In December 2017, the Secretary of State asked us to make recommendations on: *an assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention*. The remit letter asked us, when considering our recommendations, to have regard to: the Government's policy for public sector pay awards; the national state of teacher and school leader supply; affordability and the need to offer value for money; the wider state of the labour market in England and Wales; forecast changes in the pupil population and level of demand for teachers; and the Government's commitment to increasing autonomy for schools on pay matters.

A letter from the Chief Secretary to the Treasury set out the Government's new policy on public sector pay for 2018-19, stating that the Government recognised a need for more flexibility on pay in some parts of the public sector, particularly in areas of skill shortage. It emphasised that there would still be a need for pay discipline to ensure that public services remained affordable and sustainable.

Consultee views

The unions representing teachers and school leaders told us that a substantial increase in pay was required to address recruitment and retention pressures and raise the status of the teaching profession. They stated that uplifts should be applied to the salaries of all teachers and school leaders. Five of these organisations submitted a joint statement proposing an increase of 5%. Most teacher unions and the organisations representing local authorities and school governors stated that the Department should provide additional funding to schools to meet the cost of pay increases.

The Department did not make any specific proposals on the level of pay increase for teachers. The Secretary of State told us in oral representations that the level of uplift must represent a fair pay settlement for teachers. He stated that funding levels for the next two years would provide schools with some headroom for pay increases and that schools would have to implement our recommendations within their funding allocations. The Welsh Government did not provide any proposals on the level of pay increase but noted that no additional funding had been allocated for this.

Our analysis

The maintenance of an effective workforce of teachers and school leaders in England and Wales requires a large number of good graduates across a range of subjects to be attracted to join the profession each year, and for most of these to choose to make teaching their career.

In recent years, maintaining teacher supply has become more difficult. Last year saw a further deterioration in both recruitment and retention. The Government's overall target for recruitment to postgraduate initial teacher training (ITT) was missed in 2017/18 for a sixth successive year. The indications from interim UCAS data on applications suggest that the situation in 2018/19 will be no better. The numbers of vacancies and temporarily filled posts in schools and of teachers resigning from the profession have also continued to increase. These trends are particularly concerning as demand for teachers is expected to rise considerably over the next decade, particularly in secondary schools, as a result of increases in pupil numbers.

Several of our consultees raised concerns about the ability to attract teachers into leadership roles. This aligns with what we have heard on our visits to schools around the country, as few classroom teachers tell us they aspire to become senior leaders, and most assistant and deputy

heads we speak to do not wish to become head teachers. The statistical evidence available also supports this picture, showing emerging problems in recruiting and retaining school leaders.

Turning to pay trends, the evidence this year indicated that teaching has continued to lag behind other graduate professions, both in terms of starting salaries and pay progression prospects. Significant gaps have developed over a number of years between the teachers' pay framework and the earnings available in other graduate professions. The expected starting salaries for new teachers in England and Wales have persistently fallen short of median starting salaries for graduates. For 2016, estimates of the gap ranged between 10% and 25%. The median earnings of classroom teachers have increasingly lagged median earnings in other professional occupations, with the gap exceeding 5% in the last four years. Since 2010/11, the value of key points in the teachers' pay framework have also increased more slowly than the corresponding percentiles in the earnings distribution for other professional occupations, with gaps of up to 5% emerging.

We consider that these relative pay trends are important contributory factors in the recruitment and retention problems facing the teaching profession in England and Wales. The decline in the position of the teachers' pay framework in the labour market for graduate professions needs to be addressed as a matter of priority. With the prospects for wage growth in the wider economy better than for several years, a significant uplift to teachers' pay is required to forestall a further weakening in the competitive position of the teaching profession.

Pay is by no means the only factor that affects teacher recruitment and retention. However, a competitive teacher pay system will help schools to maintain the effective workforce of good teachers and school leaders that is essential to achieving strong pupil outcomes.

Our recommendations

For September 2018, we recommend that all pay and allowance ranges for teachers and school leaders are uplifted by 3.5%. This will address deteriorating trends in teacher retention by improving the position of the teachers' pay framework in the labour market for graduate professions. Unless we act now, graduate starting pay will also have moved still further ahead by next year, making teacher recruitment more difficult.

As has been the case for several years now, school leaders and governing bodies have autonomy in determining how their schools spend the funding they receive. It is for them to determine how to implement the changes to the School Teachers' Pay and Conditions Document (STPCD) arising from our recommendations. Different schools will make different decisions depending on their local circumstances, and this is an inherent feature of the way that the school pay and funding systems now work. Our objective in making our recommendations is to set a national pay framework that will assist school leaders and governing bodies in the recruitment and retention of teachers in their schools. They should give suitable priority to teachers' pay when setting their budgets to help ensure that an effective workforce is maintained.

Looking ahead

There is evidence of a number of persistent issues with the current teachers' pay and allowance framework. These will also need to be considered to make sure that the national pay framework provides the optimal structure for recruiting and retaining teachers and supporting their career progression in different school phases and subject specialisms, and in all areas of the country. This next phase may require targeted pay awards, and further uniform uplifts to pay and allowance ranges may not be appropriate in the future. **We welcome the Government's stated intention to set us a remit to consider further reforms to the teachers' pay framework to support a clear and compelling career pathway for teachers and improve the productivity of schools.**

CHAPTER 1

Introduction and background to the remit

Introduction

- 1.1 The role of the School Teachers' Review Body (STRB) is to advise the Prime Minister and Secretary of State for Education on the pay and conditions of school teachers in England and Wales. In accordance with the Education Act 2002, the STRB considers matters referred to it by the Secretary of State and then submits a report making recommendations. We received a remit letter from the then Secretary of State on 7th December 2017 that asked us to consider:
 - *An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention.*
- 1.2 This remit letter (at Appendix A) asked us to provide our recommendations by May 2018. It also stated that we should have regard to six considerations when making our recommendations: the Government's policy for public sector pay awards in 2018-19; evidence of the national state of teacher and school leader supply; affordability and value for money; evidence of the wider state of the labour market in England and Wales; forecast changes in the pupil population and consequent changes in the demand for teachers; and the Government's commitment to increasing autonomy for schools on pay matters. The remit letter also referred to a letter of 21st September 2017 from the Chief Secretary to the Treasury (at Appendix B) which set out the Government's position on public sector pay awards for 2018-19.
- 1.3 This introductory chapter describes the wider context to this remit, sets out our approach to conducting this review and outlines the structure of this report.

Background and context

The teachers' pay system

- 1.4 The national pay and conditions framework for teachers is set out within the School Teachers' Pay and Conditions Document (STPCD). This document provides statutory guidance relating to teachers in local authority maintained schools in England and Wales. The current system for teachers' pay comprises a broad national pay framework, within which school leaders and governing bodies have considerable flexibility for local decision making. This system for teachers' pay and conditions was introduced by the Government in line with the recommendations made in the STRB's 21st and 23rd reports (published in December 2012 and February 2014 respectively).
- 1.5 The STPCD specifies the statutory pay and allowance ranges for teachers and school leaders by setting the minimum and maximum for each. All teachers working in local authority maintained schools must, by law, be paid between the minimum and maximum of their pay range. Since 2015, there have been no statutory points between the minima and maxima of pay ranges. The STPCD also specifies that pay progression must be linked to an annual appraisal of performance for all teachers. Alongside this, the Review Body maintains that good teachers should expect to progress to the maximum of the main pay range (MPR) in around five years. The Government has consistently endorsed this expectation.

- 1.6 At a local level, school leaders and governing bodies set pay policies for their schools. These policies will establish a pay structure for the school and specify the processes for setting pay for individual teachers and making pay progression decisions. Most schools have chosen to retain pay points between the minima and maxima of pay ranges in their local policies. Schools' pay policies must align with the statutory national framework, but there is considerable scope for schools to take different approaches to pay within this broad framework to respond to their local circumstances. In practice, most schools adopt pay policies developed in conjunction with other parties including other schools, local authorities and trade unions.

Recent STRB recommendations

- 1.7 This reformed pay system was first applied in full in the recommendations of our 25th report (March 2015). Subsequent remits for the STRB have required us to make recommendations on adjustments to the minima and maxima of the teachers' pay and allowance ranges. The Review Body has therefore focused on positioning the national pay framework for the teaching profession within the graduate labour market to help attract high quality graduates to the profession, retain experienced and capable teachers, and motivate and reward fairly those who take on additional responsibilities and leadership positions. Within this framework, pay increases and progression decisions for individual teachers and school leaders are determined in line with the pay policy of their school.
- 1.8 In our 25th report, we reviewed the evidence on the recruitment and retention of teachers and how teachers' earnings compared to other graduate professions. Noting that the top of the MPR, which good teachers could expect to reach after five years, sent an important signal to graduates considering joining the profession, we recommended that the maximum of this range was increased by 2%. We recommended that the minimum of the MPR and the maxima and minima of all other pay and allowance ranges were increased by 1%, except for the maximum of the leadership pay range, which would receive no increase. The rationale for this was that governing bodies already had flexibility to set salaries for head teachers above the maximum, if required, so an adjustment to the framework here was less of a priority. The Government accepted these recommendations.
- 1.9 Our 26th report (July 2016) recommended 1% uplifts to all pay and allowance ranges. Our remit that year asked us to consider providing for non-consolidated payments and 'stepping down' from the upper pay range (UPR) to the MPR. After carefully considering the evidence, we recommended that no change should be made to the STPCD in relation to these proposals. The Government accepted our recommendations. When presenting our recommendation on pay, we commented on the teacher labour market and the competitiveness of the teachers' pay framework. Our assessment was that the evidence on recruitment and retention presented a strong case for uplifts in excess of 1%. However, we noted serious concerns about schools' readiness to manage the costs of a higher pay award. In light of this, we recommended 1% uplifts but made clear that, if trends in relation to recruitment and retention continued, we expected that uplifts to pay ranges of significantly more than 1% would be required to ensure that teachers' pay remained competitive. We urged the Department and other consultees to take steps to help schools to prepare for managing this.
- 1.10 In our last report (July 2017), we noted the deteriorating trends in the earnings of teachers compared to those in other graduate careers and in teacher recruitment and retention. We concluded that action was required to make the teachers' pay framework more competitive. Taking into account the Government's pay policy, the financial position for schools and the context of economic uncertainty, we concluded that higher uplifts should be targeted at where teacher supply challenges were most acute. We were particularly concerned about the recruitment and retention of early career teachers.

We therefore recommended a 2% uplift to the MPR, but also considered it necessary to uplift all other pay and allowance ranges by 1%. Our recommendations were accepted by the Government. We also said that we considered it likely that further uplifts of more than 1% would be required in future to enhance the status of the profession and make pay more competitive for teachers at all stages of their careers. Our report argued that, when making budget decisions, it was important that school leaders and governing bodies give the priority to teachers' pay necessary to support the recruitment and retention of good teachers. We urged the Department and other consultees to continue to help schools in regard to this.

Context to the current pay round

- 1.11 We undertook this current remit in the context of a change in the Government's policy on pay for public sector workers.
- 1.12 Our recent reports were undertaken in the context of a Government policy of public sector pay restraint. Following a two year pay freeze for all public sector workers earning more than £21,000, which applied to teachers in 2011/12 and 2012/13, the Government introduced a policy that the annual pay awards for public sector workforces should average no more than 1%. This policy has been applied to teachers since September 2013 and the STRB has been asked to take this into account in the remits it has received since this date.
- 1.13 In September 2017, the Chief Secretary to the Treasury announced a change to this policy. Her letters to the chairs of the pay review bodies (letter to STRB chair at Appendix B) set out a new public sector pay policy, stating that "the Government recognises that in some parts of the public sector, particularly in areas of skill shortage, more flexibility may be required to deliver world class public services including in return for improvements to public sector productivity." The letter also emphasised that, despite this new flexibility, there was still a need for "pay discipline" over the coming years to ensure the affordability and sustainability of public services.

Our approach to the review

- 1.14 The STRB invited its statutory consultees¹, including the Secretary of State, to submit written representations on the remit matters referred to us for consideration in December 2017. We also provided consultees with an opportunity to comment on each other's written submissions.
- 1.15 We then held oral representation sessions with consultees. At these sessions, we explored each consultee's position on topics relating to our remit, challenged and probed them on points presented in their written representations, and sought their views on the written representations submitted by other consultee organisations. We heard from: the Department, including the Secretary of State; the Welsh Government; teacher and head teacher unions and associations; employer representatives; and school governor representatives. Chapter 2 sets out the main points made by our consultees in their written and oral representations. Where consultees have published their full submissions online, we have provided links in Appendix C.
- 1.16 The STRB gathers and rigorously examines evidence and consultee representations before determining its recommendations and drafting its report. We were pleased to see that the Chief Secretary to the Treasury noted in her letter of September 2017 that: "The Government values hugely the role of the Pay Review Bodies and appreciates the length of time it takes to complete a thorough process." We also recognise that our consultees

¹ An obligation to consult with the Secretary of State and other relevant bodies is placed on the Review Body by section 121 of the Education Act 2002. The individual organisations which we consulted are listed in Appendix C.

invest considerable time and effort into this process. We therefore thank all our consultees for their written submissions and their valuable contributions at oral representation sessions. As a result, we were able to thoroughly explore the remit issues and robustly examine all available evidence before formulating our recommendations.

- 1.17 Our ability to provide timely and well-considered recommendations is contingent on our consultees meeting our deadlines for submitting representations. This year, the Department informed us at short notice that, following the appointment of a new Secretary of State, it was unable to submit its initial written representations by the deadline that we had set. The resultant delay caused some difficulties for both the Review Body itself and other consultee organisations. We are grateful for the cooperation of other consultees in working to revised deadlines to allow us to maintain the overall timescale for submitting this report.
- 1.18 In addition to the representations from our consultees, the STRB explored other sources of evidence about the teaching workforce. Alongside a number of reports and publications, which are cited throughout this report, we particularly noted the House of Commons Committee of Public Accounts' report², *Retaining and developing the teaching workforce* and the Department's evaluation of pay reforms³. As in previous years, we carefully considered data on the recruitment and retention of teachers, the wider labour market for graduates and teachers' earnings in comparison to those of other graduate professions. Examining the trends in these matters, both at national and sub-national levels, provided us with an overview of the main factors that affect the ability to maintain a high quality teaching workforce across the country. This evidence is set out fully in Chapter 3, along with a range of data on earnings, pay settlements across the economy and school finances.
- 1.19 The STRB's role is to make recommendations relating to the STPCD. The STPCD applies to teachers and school leaders in local authority maintained schools in England and Wales, so this report focuses on these schools and the teachers who work in them. However, teachers move between local authority maintained schools and academies. In addition, many academies follow the provisions of the STPCD or base their pay policies on this, as shown in recent research conducted by Incomes Data Research on academies' approaches to pay⁴. Some information relating to academy schools and the teachers that work in them will therefore be relevant to the STRB, and some of our analyses in Chapter 3 include data for academies.
- 1.20 Another source of evidence is the school visit programme that the STRB undertakes each year. We speak to teachers, school leaders and local authority officials across the country to seek their views on matters such as recruitment and retention, teachers' earnings compared to other professions, the structure of the pay framework, workload and morale. This provides invaluable input that enhances our understanding of the context to our work and the impact that it has. We would like to thank those schools and local authorities we have visited in the last year. The areas that we visited in 2017 are listed in Appendix C.

² House of Commons Committee of Public Accounts (2018) *Retaining and developing the teaching workforce* – <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/460/460.pdf>

³ Department for Education (2017) *Evaluation of Teachers' Pay Reform* – <https://www.gov.uk/government/publications/teachers-pay-reform-evaluation>

⁴ Incomes Data Research (2017) *Academies' approaches to teachers' pay* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/653722/Academies__approaches_to_teachers__pay_IDR_October_2017_V3.pdf

The structure of this report

1.21 This report provides our recommendations in respect of the matters referred to us by the Secretary of State, and the evidence base and rationale for our decisions. Its structure is as follows:

- Chapter 2 summarises the written and oral representations made by the Department and other statutory consultees on this remit.
- Chapter 3 presents data on the teacher labour market, including our detailed analyses of teacher and wider graduate earnings.
- Chapter 4 sets out our consideration of the matters relevant to teachers' pay and conditions and then presents our conclusions and recommendations on the remit.
- Chapter 5 provides our broader observations on matters relevant to teachers' pay and conditions that are outside the STRB's remit for this current report but could inform future remits.

CHAPTER 2

Overview of the evidence from the Department and consultees

- 2.1 This chapter provides a summary of the written and oral representations made by our consultees in relation to the remit. The chapter is divided into sections addressing the main themes raised by our consultees in their representations. Each section starts with the points made by the Department for Education, followed by the views of the Welsh Government, and then goes on to address the points made by other consultees. The chapter concludes by summarising the main points made by consultees about the remit matters for the current pay round.

The remit, public sector pay policy and the STRB's 27th report

The Department's views

- 2.2 The Department's submission reported that the Government's revised public sector pay policy would allow more flexibility, particularly in areas of skill shortage, but would still require "pay discipline" to ensure that public services remained affordable. It observed that the STRB had stated in its 27th report that it was for schools to determine how adjustments made to the national pay and allowance framework would apply to their teachers. It then stated that the Government agreed with this approach.

The Welsh Government's views

- 2.3 The Welsh Government's submission included a letter from the Welsh Cabinet Secretary for Education, which addressed the context to the current pay round. The Cabinet Secretary considered that there had been an increasing divergence between the English and Welsh education systems in recent years. She noted that responsibility for teachers' pay and conditions will be devolved from September 2018 and asserted that this will allow Welsh Ministers to implement a "suitable" framework for the pay and conditions of teachers in Wales.

Consultees' views

- 2.4 Several consultees provided views on the current remit. The NASUWT welcomed the focus on recruitment and retention of teachers in the remit in the context of a "crisis in teacher supply". A number of other consultees expressed concern about omissions from the remit. NGA considered that the narrow frame of the remit was disappointing, particularly noting that it did not ask the STRB to consider leadership pay. The submission from UCAC contended that too much is expected from teachers in relation to workload and accountability. It then expressed disappointment that the remit did not include any reference to statutory conditions of service within the School Teachers' Pay and Conditions Document (STPCD).
- 2.5 Representations from a number of consultees also provided views on the Government's public sector pay policy. ASCL, Voice and UCAC welcomed the change of policy that would allow a more "flexible" approach and the fact that the remit did not include reference to limiting the pay award for teachers to an average of 1%. But consultees also expressed concerns about this new approach. ASCL asserted that, in order for pay uplifts of more than 1% to be implemented by employers, the issue of school funding needed to be addressed. Voice contended that the position on affordability set out in the remit and the letter from the Chief Secretary to the Treasury means that the STRB will continue to be "constricted". The NEU noted that, while the remit letter did not specify a limit on

pay awards, it did refer to the need for the proposals to be affordable. It asserted that responsibility for affordability should sit entirely with Government and not with the STRB.

- 2.6 Consultees also commented on the STRB's 27th report, expressing mixed views. The NASUWT and UCAC welcomed the STRB's recommendation for 2% increases to the minimum and maximum of the main pay range (MPR). While the NEU agreed with the STRB's assessments of the recruitment and retention situation and the competitiveness of teachers' pay, it maintained that the Review Body's recommendations "fell far short of expectations and were grossly inadequate". Consultees also commented on how the Review Body had considered school funding. The NEU fundamentally disagreed with the STRB's position that it could not make recommendations on the Government's funding policy for schools. It contended that the STRB should not adopt the view that it is "constrained by the Government's inadequate funding envelope". NAHT asserted that the Government's position on school funding during the last pay round had the effect of "constraining the remit of an independent pay body to such an extent that it could not perform its role."

Economic and labour market context

The Department's views

- 2.7 The Department's representations provided its assessment of the economic and fiscal context to the pay round. It asserted that it was necessary, in order to enhance the UK's economic resilience and improve fiscal sustainability, to continue to reduce borrowing. It also stated that public sector pay policy continues to form an important element of the Government's plans to achieve its fiscal targets.
- 2.8 The Department reported that employment had risen to a "near record" high since 2010 and that the Office for Budget Responsibility (OBR) had forecast that the number of people in employment will continue to increase, rising to 32.7 million in 2022. It observed that the OBR expected average earnings growth of 2.3% in 2017, 2018 and 2019. It reported that productivity growth had been subdued and the OBR had revised down its forecasts, now expecting productivity to remain flat in 2017, before increasing by 0.9% in 2018 and 1.0% in 2019. The Department also observed that the OBR and the Bank of England expected inflation to peak at the end of 2017 and then fall during 2018 and 2019. Finally, the Department considered the comparative level of remuneration of private and public sector employees. Its analysis indicated that, while average pay in the public sector was less than in the private sector, when employer pensions contributions are taken into account alongside pay, the remuneration of public sector workers "remains at a significant premium".

The Welsh Government's views

- 2.9 The Welsh Government contended that the relative position of the labour market in Wales was positive when considered in a medium-term context. It cited data from the Labour Force Survey (LFS) run by the Office for National Statistics (ONS) to support this assessment.

Consultees' views

- 2.10 The submissions from the NASUWT and the NEU addressed inflation. Both reported in their representations the ONS's inflation figures (4.1% for the Retail Prices Index (RPI) measure and 3.0% for the Consumer Prices Index (CPI) measure in December 2017) and that RPI inflation was forecast to remain above 3% in 2018. Both considered that RPI was

the appropriate measure of inflation in relation to teachers' pay. The NEU asserted that RPI is "widely recognised" as the appropriate measure for pay bargaining purposes. The NASUWT contended that RPI is the measure that is "directly relevant to teachers".

- 2.11 In their supplementary submissions, the NASUWT and the NEU commented on the Department's account of the economic context. The NASUWT noted that the Department had said that the Government had made significant progress in restoring the public finances and asserted that this undermined the Government's justification for public sector pay restraint. It also contended that the forecast increases in the number of people in employment up to 2022 would place an additional pressure on teacher supply. The NEU challenged the claim that the Government had made progress in restoring the public finances to health, stating that the national debt increased significantly under the Coalition and Conservative administrations since 2010. It also noted that the UK's debt rating had been downgraded from AAA during this period.

Teacher recruitment

The Department's views

- 2.12 The Department's submission contended that, at a national level, enough teachers were being recruited. It acknowledged, however, that recruitment was a challenge in some subjects and for some schools, especially in the context of a strengthening graduate labour market. It supported its assertion that the status of teacher recruitment remained healthy by noting that: the number of teachers in state-funded schools in England had increased since 2010; vacancy rates remained low and relatively stable; it had filled 90% of the target number of places for postgraduate initial teacher training (ITT) courses in 2017/18¹; and the number of former teachers returning to teach in state-funded schools each year had increased between 2011 and 2016. Its submission also contended that the quality of recruits to teaching had improved, with the proportion of entrants to postgraduate ITT with a 2:1 degree classification increasing from 63% in 2010/11 to 74% in 2017/18, and the proportion of entrants with a first-class honours degree increasing from 10% to 19%.
- 2.13 The Department's submission outlined the current arrangements in place for teacher training in England, including the incentives offered to some applicants. It stated that, for 2018/19, it had adopted a "permissive approach" that removed recruitment constraints in all but a small number of subjects. It reported that 2017/18 was the third successive year in which over half of recruitment to postgraduate ITT was to school-led routes, with such routes accounting for 53% of ITT recruitment in that year. The Department stated that it continued to offer bursaries (of up to £26,000) and scholarships (of up to £28,000) to attract applicants to undertake training to teach in priority English Baccalaureate (EBacc) subjects. It noted that it had launched a new scheme for maths trainees in which the initial bursary is followed up with two early career payments and that it was piloting a programme to reimburse student loan repayments.
- 2.14 During his oral representations session, the Secretary of State was questioned about trends in recruitment to ITT. He told us that teaching became less competitive when the wider employment market was buoyant. He said that the Department's approach to supporting teacher recruitment included initiatives to attract former teachers back into the profession and encouraging flexible employment practices in schools. In relation to interim data from the Universities and Colleges Admissions Service (UCAS) about applications to postgraduate ITT for 2018/19, he stated that the recruitment cycle was still ongoing but recognised that more work was required on converting initial interest into actual applications.

¹ Throughout this report, dates in the format '2017/18' refer to the academic year (September to August). Dates in the format '2017-18' refer to the financial year (April to March).

The Welsh Government's views

- 2.15 The Welsh Government's submission maintained that the recruitment climate in Wales had not changed significantly in the last three years. It reported that targets for recruitment to Initial Teacher Education (ITE) were being kept at a "steady state". This followed a reduction of around one third between 2004/05 and 2016/17 which was, in part, a response to evidence of an oversupply of qualified teachers in Wales. It observed that the forecasts of its Teacher Planning and Supply Model (TPSM) indicate that current recruitment plans will be sufficient to respond to changes in teacher demand in Wales up to 2026/27 but noted that this will involve a "sustained reliance" on primary sector re-entrants and an "increasing reliance" on secondary sector re-entrants to fill vacancies. Welsh Government officials told us in oral representations that a number of workstreams were underway that aimed to support the teacher supply situation in Wales, including the formation of a practitioner-led recruitment and retention advisory board.
- 2.16 The Welsh Government provided data on the average number of applications per advertised post in Wales in 2016. It reported that 782 teacher vacancies were advertised for primary schools with an average of 14 applications per post (18 for English-medium and 7 for Welsh-medium posts). For secondary schools, 881 vacancies were advertised with an average of 8 applications per post (10 for English-medium and 3 for Welsh-medium).
- 2.17 The Welsh Government's submission stated that training incentives of up to £20,000 remained in place for eligible entrants to postgraduate ITE courses. It also noted that a new £5,000 Welsh-medium incentive was recently introduced, with half paid on attaining Qualified Teacher Status (QTS) and the other half paid following successful induction in a Welsh-medium or bilingual school. The Welsh Government also provided information on the ITE routes available in Wales, reporting that employment-based routes accounted for a small proportion (around 8%) of postgraduate trainees achieving QTS in Wales. It noted that, while Teach First currently delivers a training programme in Wales, a decision had been made not to re-tender this when it concludes in July 2018.

Consultees' views

- 2.18 Representations received from other consultees raised strong concerns about teacher recruitment in England and Wales. A joint statement from ASCL, NAHT, the NEU, UCAC and Voice contended that there was a "growing crisis" in recruiting and retaining teachers. The NASUWT also characterised the teacher supply situation as being "in crisis". Consultees presented data about recruitment to postgraduate teacher training programmes in 2017/18 to support these assertions. Several observed that only 90% of the target number of ITT places were filled, including only 80% of the target number for secondary-phase trainees. Many of the teacher unions also reported that targets had been met for only two secondary subjects (history and PE) and that 2017/18 was the fifth year in a row that the overall secondary target, and those for many individual subjects, had been missed. The NEU asserted that filling 80% of the target number of posts for secondary trainees was "the worst performance since comparable records [started being collected]". UCAC reported that, in Wales, the target for secondary trainees was missed by a third in 2015/16 and that the number of primary school trainees was slightly below target.
- 2.19 Consultees' submissions also addressed recent evidence on the number of applications for 2018/19 postgraduate teacher training courses in England and Wales. ASCL, NAHT, the NASUWT, the NEU, UCAC and Voice all observed that UCAS had released data showing that application numbers for ITT and ITE courses in late 2017 and early 2018 were substantially lower than at the same point the previous year. While acknowledging

these were interim data, consultees expressed strong concerns. NAHT and the NASUWT asserted that this decline was “alarming”, while both Voice and the NEU characterised the impact as potentially “disastrous”.

- 2.20 The supplementary representations received from several consultees challenged the assessment of teacher recruitment and retention set out in the Department’s submission. For example, ASCL contended that the Department’s “wilful inability to acknowledge the current crisis” in teacher supply inspired little confidence. Similarly, the NASUWT, the NEU and Voice all asserted that the Department’s submission had failed to acknowledge the extent of the problems with teacher recruitment and retention. NAHT challenged the Department’s assertion that recruitment and retention pressures did not extend to school leaders.
- 2.21 Many consultees told us that pay was a significant cause of these trends in teacher recruitment, while also identifying broader factors. The NEU commented that pay is causing major problems for teacher supply, with “attacks” on salary levels sending a negative signal to potential recruits. BATOD claimed that the “continued stagnation” of teacher salaries had resulted in teacher shortages. Voice contended that low salaries, alongside long working hours, unmanageable workload and poor access to continuing professional development (CPD), was making it difficult for schools to recruit and retain teachers. The NASUWT asserted that the decline in applications for teacher training suggests that the policy agenda of successive Governments since 2010 has had a powerful disincentive effect. A number of consultees also were of the view that teaching had a negative image and that this was a barrier to attracting graduates to the profession. Voice claimed that teaching needs an ‘image facelift’ or it will continue to fare badly in the competitive graduate labour market. NEOST referred to concerns expressed by local authorities that the status of the teaching profession was decreasing.
- 2.22 Several consultees expressed doubt about the efficacy of bursaries and other financial incentives in bolstering teacher recruitment. The NEU told us that it remained “unconvinced that the Government’s bursaries approach is either effective or represents value for money.” Voice contended that, as bursaries are not linked to retention, they are no guarantee of a long-term solution to teacher supply problems. It welcomed the Department’s pilots of student loan reimbursement and new bursaries for maths trainees as a possible step in the right direction. NAHT and the NASUWT both noted that problems with recruiting the target number of teacher trainees had persisted despite the substantial amount of money that the Department had invested in bursaries and other incentives. UCAC also expressed concern about the training incentives available in Wales, particularly noting that the level of bursary available, compared to the starting salary, meant that some newly qualified teachers (NQT) may face a reduction in net remuneration.
- 2.23 BATOD proposed that bursary payments for qualified teachers who undertake the mandatory training to become teachers of the deaf should be reintroduced. Its submission raised concerns about maintaining a sufficient number of teachers of the deaf, noting that a significant number were forecast to leave the profession over the next 10 to 15 years due to retirement.
- 2.24 During oral representation sessions, we noted that a recent Public Accounts Committee report suggested that there were around 250,000 trained teachers in England who were not currently teaching. We asked consultees what more could be done to attract such people to return to the profession, and they proposed a number of changes grouped around three main themes. First, multiple consultees told us that restoring pay portability could help attract teachers to return to the profession by guaranteeing the level of pay they would receive. Second, several asserted that improving the availability of flexible working practices in schools would help, as many ex-teachers would only return if they

were able to work part time or flexibly. Finally, a number contended that the availability of “refresher” training was poor and that improving this would remove a barrier that was preventing some teachers returning to the profession.

- 2.25 Several consultees noted that the latest data available from the Department about teacher vacancies showed that the overall vacancy rate and the number of schools with at least one vacancy or temporarily filled post had increased between November 2016 and the previous year. ASCL and Voice also referenced research by the recruitment service Eteach which indicated that there were around 14,000 vacancies at the start of the 2017/18 school year, a 9% increase from 2016/17. ASCL asserted that this meant that at least 300,000 pupils were without a permanent classroom teacher.
- 2.26 A number of consultees went on to express reservations about the Department’s official measures of teacher vacancies in England. NAHT and the NASUWT contended that the timing of the School Workforce Census meant that it underestimated the number of vacancies across the system over the course of a full school year. ASCL and NAHT were also critical of the ability of the Government’s Teacher Supply Model (TSM) to calculate the number of teachers that schools required, with NAHT asserting that this model was “comprehensively broken”.
- 2.27 Consultees provided survey evidence about the recruitment challenges faced by schools. NAHT presented findings of a survey² of the school leaders that comprise its membership, reporting that 81% of respondents who had attempted to recruit teachers in the last year had either failed to fill a post or had only been able to recruit with difficulty. It noted a substantial increase in the number of respondents who cited pressure on budgets as a reason for failing to recruit, clarifying in oral representations that this was because school leaders could not afford to use pay flexibilities and allowances that could help them attract teachers. NAHT also observed that the proportion of school leaders citing teacher quality as a reason for failing to recruit rose substantially between 2016 and 2017. NEOST reported on a consultation³ it had conducted of local authorities across England and Wales. This indicated that secondary schools faced the most substantial difficulties in recruiting the number and quality of teachers required, but that a growing number of local authorities were reporting difficulties across all schools.
- 2.28 The NEOST consultation also indicated that there were particular difficulties in recruiting for certain subject areas (including maths, science and English), schools in coastal areas and special educational needs teachers. NGA reported that a survey⁴ of its members (school governors and trustees) indicated that 46% of respondents had faced difficulties recruiting to teaching posts, a slight reduction from the proportion reporting this the year before. It noted that there were regional variations. The areas in which the highest proportion of governors reported recruitment difficulties were London and the South East, while governors were least likely to have experienced difficulties in the North East and North West. In contrast, other consultees asserted that teacher supply problems were systemic. For example, the NEU told us that recruitment and retention problems were “widespread and not confined to certain geographical areas, career stages or school settings.”

² NAHT’s ‘The Leaky Pipeline’ survey. The survey was completed by 805 school leaders in October and November 2017.

³ NEOST undertook a consultation of local authorities in England and Wales in December 2018, asking questions regarding recruitment and retention, teachers’ pay, school financial positions and productivity. It received a total of 44 responses.

⁴ NGA’s 2017 annual survey conducted jointly with the TES. There were over 5,000 respondents.

Teacher retention

The Department's views

- 2.29 The Department asserted in its representations that retention rates had remained “broadly similar” for the last 20 years. It observed that research it published in 2017⁵ indicated that the probability of leaving the profession was highest in the first five years of a teacher’s career. The Department also reported that both its research and a study conducted by the National Foundation for Educational Research (NFER)⁶ indicated that retention rates vary by region, subject specialism and employment status. While the Department’s submission did not express concern about teacher retention, it did state that it was “actively addressing” the matters cited by teachers as reasons for leaving the profession. It noted that this included supporting schools to reduce unnecessary teacher workload, improve behaviour management training and provide opportunities for flexible working. The Department also contended that its plans in relation to QTS and career progression, as set out in its recent consultation⁷, will help retain early career teachers.
- 2.30 During oral representations, the Secretary of State was asked about the Public Accounts Committee’s recent report on teacher retention⁸ and its recommendation that the Department set out and communicate, by April 2018, a coherent plan for how it will support schools to retain and develop the teaching workforce. He told us that the Department would be producing such a plan and that this would address matters such as workload and CPD.

The Welsh Government's views

- 2.31 In oral representations, officials from the Welsh Government told us that there had been a “slight shift” in retention with more people leaving the profession early, but that they had not seen any substantial change that would present cause for concern. They also asserted that, while pay may be a factor for some individuals, workload and accountability were the main reasons for teachers in Wales choosing to leave the profession.

Consultees' views

- 2.32 Other consultees told us that there were severe problems with teacher retention. Several noted in their submissions that the Department’s data showed that the retention rates of teachers in England had continued to deteriorate. Some also stated that the overall number of teachers leaving the profession has continued to rise, with the proportion who leave before retirement having increased substantially since 2011. ASCL and Voice cited NFER research⁹ as showing that the rate at which teachers left the profession was highest for older teachers and for teachers who had recently qualified. Both also observed that this research indicated that retention rates were lower for certain subject areas, such as maths, science and modern foreign languages. The submissions from NGA and NEOST stated that retention, alongside recruitment, had been identified as a substantial area of concern by both school governors and local authorities.

⁵ Department for Education (2017) *Analysis of teacher supply, retention and mobility* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/615729/SFR33_2017_Text.pdf

⁶ National Foundation for Educational Research (2017) *Teacher Retention and Turnover Research: Interim Report* – <https://www.nfer.ac.uk/publications/NUFS03/NUFS03.pdf>

⁷ Department for Education (2017) *Strengthening Qualified Teacher Status and improving career progression for teachers* – https://consult.education.gov.uk/teaching-profession-unit/strengthening-qts-and-improving-career-progression/supporting_documents/Strengthening%20Qualified%20Teacher%20Status%20and%20improving%20career%20progression%20for%20teachers%20consultation.pdf

⁸ House of Commons Committee of Public Accounts (2018) *Retaining and developing the teaching workforce* – <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/460/460.pdf>

⁹ National Foundation for Educational Research (2017) *Teacher Retention and Turnover Research: Interim Report* – <https://www.nfer.ac.uk/publications/NUFS03/NUFS03.pdf>

- 2.33 Some consultees provided survey evidence relating to retention issues in their submissions. UCAC provided findings of a retention survey¹⁰ of its members conducted in 2017. It reported that 70% of respondents had considered leaving the profession in the past two years, 54% had already been looking for posts outside teaching, and 30% had started to apply for non-teaching posts. The NASUWT reported on the findings of its annual Big Question Survey¹¹, which included that 69% of respondents had considered quitting the profession in the last 12 months. The NEU stated that 81% of respondents to its 2017 pay and progression survey¹² had considered leaving the profession in the last year. NAHT reported that two thirds of the school leaders who responded to its annual recruitment and retention survey in 2017 were aware of at least one member of their staff leaving the teaching profession for reasons other than retirement in the last year.
- 2.34 Submissions from a number of consultees identified the level of teachers' pay and the pay system as factors that were driving these trends in teacher retention. ASCL asserted that teachers' pay needs to be attractive throughout the ranges in order to retain teachers. It claimed that some employers were using flexibilities within the system to avoid increasing teachers' salaries in line with uplifts to pay ranges and that this, alongside "poor levels of pay and often inflexible working practices", was having a negative impact on retention. The NASUWT contended that teacher recruitment and retention was in crisis because of "the low levels of teachers' pay, together with the nature of the pay framework to which teachers are subjected." It characterised the pay system introduced by the 2013 reforms as a "deregulated free-for-all" within which flexibilities were being used to hold down pay, causing teacher retention problems. The NEU contended that pay flexibilities were being "consistently exercised to the disadvantage of teachers", with pay progression decisions based on funding rather than performance. It claimed that this was a significant factor in teacher retention trends. It also asserted that recruitment and retention problems would remain severe until teachers' salaries were restored, in real terms, to their 2010 level. Voice linked retention trends to the current teacher workforce being demoralised by "eroding" levels of pay and schools being "enabled" to withhold pay increases. During their oral representations sessions, we asked ASCL and NAHT whether they had seen any evidence of school leaders making pay progression decisions on financial, rather than performance, grounds. Both told us that they had seen no evidence of this and that it would be counterintuitive for schools to take such action as this would lead to problems retaining good teachers.
- 2.35 Workload was also identified by consultees as a major factor in relation to retention. The NASUWT's submission asserted that "workload remains a significant contributor to retention pressures" and that this was driven by "unacceptable" decisions by schools and the Government. It claimed that workload initiatives had failed to address this problem and that the only solution would be "the overall capping of teachers' working hours". In oral representations, UCAC also told us that teachers' working hours should be capped. The NEU contended that workload was "the biggest single factor in teachers' decisions to leave teaching". It welcomed the Department's initiatives on workload but considered that these had not had a "tangible impact". It claimed that workload was affecting teachers' wellbeing and that many of its members were choosing to work part time in order to manage workload. Voice asserted that "often unmanageable workload" was a factor in schools struggling to recruit and retain teachers at all levels. UCAC contended that workload was a substantial factor in teachers feeling undervalued and seeking to leave the profession, as "pay is not commensurate with those responsibilities and the volume of work they experience." Similarly, NAHT told us that career longevity

¹⁰ Carried out in March 2017, with 450 teachers responding.

¹¹ Survey conducted in February and March 2017, with responses received from over 11,000 teachers in England and over 800 teachers in Wales.

¹² Carried out in November 2017, with 12,375 responses received.

would not be achieved while the level of pay for teachers was “not commensurate with long working hours, a high-stress environment underpinned by punitive measures of accountability and a high-stakes system of school inspection.”

- 2.36 Consultees raised a number of other factors as causes of problems with teacher retention. NAHT and Voice both contended that the Department had focused limited resources and attention towards retaining teachers. The NEU considered that access to CPD, alongside support and mentoring, was essential to retaining early career teachers. BATOD also asserted that CPD was an important factor in maintaining motivation and engagement to support teacher retention. ASCL, NAHT and the NEU all contended that escalating housing costs were a significant barrier to teacher retention. NAHT proposed that the Government should introduce a national programme that formally recognised teachers as ‘key workers’ to address this. Noting the findings of a report arising from the Teachers Working Longer Review¹³, the NASUWT asserted that “widespread poor management” was a cause of teachers leaving the profession before their normal pension age. It also claimed that poor employment practice, such as employers’ disregard for contractual provisions and teachers’ job satisfaction, was having a considerable impact on teacher retention.
- 2.37 Submissions from other consultees also addressed the impact of these teacher retention trends. Several noted demographic changes in the teaching workforce. For example, the NASUWT and the NEU both reported that England had experienced the largest decline in the proportion of teachers over 50 between 2005 and 2014 of any member country of the Organisation for Economic Co-operation and Development (OECD). They told us that this demonstrated a loss of skilled and experienced teachers, with the NASUWT contending that this was a result of “widespread age discrimination”. NAHT asserted that evidence shows that it takes five years to become “a really effective teacher” and that the increasing numbers of early career teachers leaving therefore represented a “costly loss” to the profession. It also raised concern that reductions in the number of experienced teachers was affecting the “pipeline of future leaders” and making it more difficult to find experienced mentors for new entrants. The NEU contended that this trend was disrupting “the supply chain for school leadership roles”.
- 2.38 Consultees told us that schools were increasingly dependent on supply teachers as a consequence of recruitment and retention pressures. NAHT observed that around 70% of the school leaders who responded to its 2017 survey on recruitment and retention had used supply agencies to fill vacancies. It asserted that this placed additional pressure on “already constrained” school budgets. The NASUWT told us that schools were relying on supply teachers “to solve the national crisis in teacher recruitment and retention” and expressed concern about the high cost and poor treatment of agency teachers. It proposed that the STRB should “consult fully” on the provisions contained in the STPCD regarding supply teachers.

Teachers’ earnings and position in the graduate labour market

The Department’s views

- 2.39 The Department’s submission stated that the overall rise in the average pay of teachers is determined by both individual teachers’ pay progression and changes in the composition of the workforce. It calculated that, for teachers in service in consecutive years, pay rises averaged 4.6% between 2015/16 and 2016/17. It stated that most of this increase was concentrated on early-career teachers who receive annual pay rises of around 8% as they move up the main pay scale. It calculated that compositional changes led to a downward pressure on average earnings of some 2.3% last year.

¹³ Teachers Working Longer Review Steering Group (2017) *Teachers Working Longer Review: Interim Report* – <https://www.gov.uk/government/publications/teachers-working-longer-review-interim-report>

- 2.40 The Department provided pay data for school teachers and school leaders. Its analysis indicated that the median pay of classroom teachers was higher than private sector graduate professionals in most regions in England (the exceptions being London, Eastern and the South East). However, the mean salary was lower than that of graduate professionals in all regions apart from the East Midlands and the North East. It suggested that this was due to the existence of some graduate professions earning very high salaries. In his oral representations, the Secretary of State told us that the median pay of a classroom teacher in their 20s was around £27,000, while median earnings for all graduates in their 20s was around £25,000¹⁴.
- 2.41 The Department's submission also noted that pay is only part of the total compensation package and that its analyses did not take into account additional elements offered in different professions such as pensions and health care benefits. It asserted that graduates would also base their career decision on other factors such as future career and promotion prospects, job security and work-life balance.

The Welsh Government's views

- 2.42 In their oral representations, officials from the Welsh Government told us that average economy-wide earnings in Wales were lower than in England. They contended that this meant that teachers' pay in Wales was more competitive in comparison to the wider labour market. They also said that pay was not a key factor in the recruitment and retention of teachers in Wales.

Consultees' views

- 2.43 Submissions from the teacher and school leader unions claimed that teachers' starting pay was not competitive in the graduate labour market. Many cited research including a 2017 High Fliers Research publication¹⁵ that stated that median starting salaries for graduates in 2017 remained unchanged at £30,000. Voice contended that, at present, teaching cannot compete as its starting salary was around £23,000. UCAC asserted that teaching is competing in a growing labour market and the starting salary and progression prospects are not competitive. ASCL claimed that starting pay for teachers continued to lag behind other starting salaries available for graduates, and NAHT reported that a survey of final year students found students had expectations of pay progression beyond the levels likely to be achieved in teaching. The NEU contended that pay and career prospects continued to be better in other graduate professions than in teaching.
- 2.44 The submissions of several consultees also addressed trends in graduate recruitment. The NASUWT, the NEU and Voice all referenced High Fliers Research's report *The Graduate Market in 2017*. They observed that this report, which presented findings of research of UK graduate employers conducted in December 2016, indicated that there had been a 3.3% increase in graduate recruitment in 2016 and that the employers surveyed planned to expand their graduate recruitment by 4.3% in 2017. These consultees contended that there had been a sustained rise in graduate recruitment over a number of years, resulting in an increasingly competitive environment for teacher recruitment and retention. The submission from ASCL referred to High Fliers Research's *The Graduate Market in 2018*¹⁶ report, which was published as our consultation on this remit was taking place. ASCL asserted that, while this report indicated that graduate recruitment had, in fact, fallen

¹⁴ Officials from the Department informed us that the latter figure was taken from the latest graduate labour market statistical release: Department for Education (2017) *Graduate labour market statistics: 2016* – <https://www.gov.uk/government/statistics/graduate-labour-market-statistics-2016>. The all-graduates median is calculated based on those in full-time work and excludes part-time workers

¹⁵ High Fliers Research (2017) *The Graduate Market in 2017* – https://www.highfliers.co.uk/download/2017/graduate_market/GMReport17.pdf

¹⁶ High Fliers Research (2018) *The Graduate Market in 2018* – https://www.highfliers.co.uk/download/2018/graduate_market/GMReport18.pdf

by 4.9% in 2017, teaching had not benefited from this. It also observed that the report was “cautiously optimistic” for 2018, with employers expecting graduate recruitment to increase by 3.6%.

- 2.45 The NASUWT presented the findings of research on comparative earnings conducted by Incomes Data Research. It reported that this research found that, in 2016, average gross earnings for selected “comparator professions” in England were 15.5% above those of secondary school teachers and 27.3% ahead of average earnings for primary school teachers. In Wales, the average gross earnings for these comparator professions were 7.8% above those of secondary school teachers and 20.6% ahead of average earnings for primary school teachers.
- 2.46 In oral representations, other consultees also discussed the relevant comparator professions for teachers. Voice told us that law, medicine and accounting were appropriate professions with which to compare teaching and stated that teachers were paid far less than those working in these fields. UCAC claimed that the most appropriate comparators for teachers in Wales were lawyers and accountants. NEST representatives told us that social workers provided a public sector comparator for teachers, given that the starting pay and progression opportunities were broadly similar and that both professions faced challenges in relation to workload. The NEU told us that teachers’ pay must be compared to that available for other graduate professions. Its representatives contended that starting pay for teachers was significantly lower than the average for such professions and pay progression prospects were worse.
- 2.47 Consultees representing teachers and school leaders also observed that teachers’ earnings had fallen in real terms. For example, the NASUWT modelled the real-terms reductions to teachers’ salaries since 2010 and found that these cumulative shortfalls ranged from over £17k to £86k, with the majority of salary points falling in real terms by 16%. The NEU also calculated that the cumulative impact of pay restraint since 2010 had led to a cut in real terms of over 16% to some parts of the teachers’ pay structure.
- 2.48 The NASUWT stated that teachers had suffered from higher deductions from their salaries including an increase in pension contributions of an average of 3.2% and an increase in National Insurance contributions. It reported that research had found the net value of teachers’ pensions to have fallen and that a typical private sector defined-benefit scheme gave higher net benefits. The NASUWT also raised concerns that the Department’s data showed that the number of opt-outs from the Teachers’ Pension Scheme (TPS) had been rising, with personal financial reasons being the most commonly cited reason. It asserted that this showed that some teachers could not afford to remain members of the pension scheme because of the day-to-day cost of living. The NEU also contended that the real-terms reductions that NQTs had faced in their earnings was driving an increase in opt-outs from the TPS. In oral representations, officials from the Department were asked about pension opt-outs. They told us that they had been monitoring opt-out rates since 2012 and acknowledged that these had risen, with the main reasons being the consequences of auto-enrolment and personal financial circumstances. However, they stated that the increase in terms of numbers was small, with average monthly opt-outs increasing from around 780 to 850 out of a total active membership of around 670,000. They calculated that the total number opting-out each year equated to around 1% of scheme members.
- 2.49 In their supplementary submissions, several consultees challenged the Department’s statement that the STRB should take into account the total reward package offered to teachers. The NASUWT and the NEU both contended that, in order to do so, reductions to the overall value of teachers’ pensions and the increases in employee contribution must be taken into account.

- 2.50 Several consultees asserted that some teachers were facing increasing financial difficulties. ASCL reported that there had been a 40% increase in applications to the Education Support Partnership from teachers, support staff and lecturers, with a majority of these applications being for support with housing costs. The NASUWT reported that it has received a higher number of applications for benevolence assistance when compared to 2016. In oral representations, representatives from ASCL told us that uncertainty around pay progression prospects made it harder for teachers who wished to buy a house and start a family to remain in the profession. NAHT representatives raised concerns about the impact of high housing, travel and childcare costs on teachers.

School leaders' pay and conditions

The Department's views

- 2.51 The Department asserted that, overall, the state of recruitment and retention for school leaders was healthy. It reported that school workforce data from 2010 to 2016 showed that the proportion of schools reporting a head teacher vacancy or the head teacher post being temporarily filled decreased from 1.4% to 1.1%. It stated, however, that it recognised that some schools face challenges in recruiting leaders.
- 2.52 The Department contended that the pay flexibilities introduced in 2014 provided greater flexibility to “reward exceptional head teachers and to attract strong leadership teams to work in the most challenging schools.” Its submission also outlined new support mechanisms for developing a pipeline of strong leaders. These included: a reformed suite of National Professional Qualifications (NPQs) to better prepare teachers for a range of leadership roles; the High Potential Senior Leaders programme to develop aspiring head teachers in some of the most challenging schools in the country; and addressing the disparity in black, Asian and minority ethnic groups (BAME) and gender representation in school leadership through a Leadership Equality and Diversity Fund and Women Leading in Education (WLE) regional networks.

The Welsh Government's views

- 2.53 The Welsh Government reported that the overall number of head teachers in Wales had fallen since 2011. It linked this to school closures and an increase in heads managing more than one school. In addition, it noted that the age profile of heads had continued to get younger, with the proportion of heads aged 50 or above falling from 65.2% to 44.8% between 2008 and 2017.
- 2.54 The Welsh Government stated that it was establishing a National Academy for Educational Leadership, which aimed to develop school leaders. It also reported that the Welsh Government had recently confirmed that the National Professional Qualification for Headship (NPQH) would remain mandatory for head teachers in Wales.

Consultees' views

- 2.55 The written submissions we received from consultees representing governing bodies and local authorities addressed the difficulties in recruiting school leaders. NGA provided findings of a survey it had conducted of governors and trustees in 2017. 34% of respondents who had been involved in recruiting a head teacher reported that they had found it difficult to attract good candidates, while 36% had experienced difficulty recruiting to other senior staff posts. NGA noted that these figures were slightly lower than those reported in its 2016 survey and that the national picture masked some significant regional variations. Recruitment challenges were most pronounced in London and the South East and least severe in the North East and North West. NEOST told us that local authorities had reported increasing difficulty in recruiting school leaders, in terms of

both quality and quantity. Particular difficulties were found recruiting head and deputy head teachers in areas of high deprivation, for religious schools and for small primary schools. In Wales, UCAC contended that there were particular challenges in filling head teacher posts in the Welsh-medium sector.

- 2.56 Submissions from some consultees expressed concern about the current leadership pay structure. The NEU asserted that the leadership pay structure did not support consistency and objectivity in pay decisions. NAHT proposed that the STPCD should be amended to reflect new forms of school leadership – for example, executive heads and heads of school. NAHT also reported that 44% of respondents to a survey it conducted had reported that senior leaders had been reassigned from management roles to teaching as a result of failures to recruit classroom teachers. It proposed that the role of deputy and assistant heads should therefore be reviewed to ensure that leadership time was protected.
- 2.57 In oral representations, ASCL representatives told us that pay was a significant factor in attracting classroom teachers to progress to leadership roles and that the increase in pay, after tax, pension contributions and student loan payments, often did not compensate for the increased workload and accountability pressures. NAHT representatives told us that groupings in the leadership pay range did not allow enough differentiation between assistant and deputy head and head teacher pay. Representatives from NEOST stated that there were issues that needed to be considered around head teacher group size (particularly for smaller schools), the differentials for deputy and assistant heads and the impact of new leadership models in schools. Changes to the leadership pay structure, including a “middle leadership pay range” that would replace teaching and learning responsibility allowances (TLRs) and include protected leadership time, were also proposed by NGA representatives during their oral session. They also told us that it would be “hugely helpful” for the STRB to be given a remit on school leader pay. Both NEOST and NGA stated that it would be useful for the Department to provide guidance and benchmarking on head teacher pay.
- 2.58 Some consultees addressed the workload, morale and career aspirations of school leaders in their representations. NAHT reported findings from a 2016 survey¹⁷ that indicated that only 36% of deputy and assistant heads responding to the survey aspired to become head teachers, while 40% did not. The NASUWT stated that its survey research into school leaders’ experiences¹⁸ found that 51% of respondents stated their place of work did not take their health and wellbeing seriously, 75% felt their workload was unmanageable and 54% felt their working hours had increased substantially in the last year. UCAC asserted that the level of leadership group pay did not make up for the increased expectations and responsibilities of these roles.

Pay reforms and schools’ use of pay flexibilities

The Department’s views

- 2.59 The Department stated that schools now have a large degree of flexibility in relation to teachers’ pay. It asserted that this helps schools “to attract and retain the best teachers and to target any school-level recruitment and retention problems they may have, including addressing teacher shortages in specific subjects.” The Department made clear the expectation that schools should be accountable for deciding how any uplifts to pay ranges and allowances apply to the salaries of individual teachers, subject to them being within the national pay framework.

¹⁷ Carried out from February to March 2016 and received 849 responses.

¹⁸ Survey carried out in September 2017.

- 2.60 In his oral representations, the Secretary of State told us that he thought the current system of teachers' pay was fit for purpose. He stated that he supported local flexibility on pay as this put more power in the hands of schools to set pay policies that reflected their own needs. He confirmed that, like his predecessors, he endorsed the principle that good teachers should expect to progress to the top of the MPR in five years. We observed that a number of consultees had told us that there should be "cost-of-living" pay uplifts for all teachers, separate from pay progression based on performance appraisal, and asked the Secretary of State for his view on this. He told us that he saw no value in such a distinction as it would reduce the flexibility available to schools to make local decisions on pay.
- 2.61 In oral representations, the Secretary of State was also asked about what his Department was doing to support employers to monitor pay decisions to make sure that discrimination was not taking place. He told us that he was "entirely committed" to ensuring that the system for teachers' pay was not discriminatory. He was of the view that schools were aware of their legal and moral responsibilities in this area and that the assessment of equality implications should be "woven into the system".

The Welsh Government's views

- 2.62 The Welsh Government stated in its submission that it did not consider that individual teachers' pay rises should be linked to performance. It reported that most schools in Wales apply a 'model policy' set by one of four regional consortia. These policies provide indicative scale points and annual increments for all teachers. The Welsh Government stated that it had received feedback to indicate that this approach was supported by schools in Wales.
- 2.63 In oral representations, Welsh Government officials told us about the implementation of the uplift to pay and allowance ranges in September 2017. They stated that local authorities in Wales, after discussing within their regional consortia, had recommended that schools uplift the minimum and maximum points of the MPR by 2% but increase all intermediate scale points specified in local pay policies by 1%. They reported that local authorities had made this decision because of the cost of a 2% uplift to all points.

Consultees' views

- 2.64 In oral representations, we asked the consultees representing school leaders and local authorities about how the uplifts to pay and allowance ranges for 2017/18 had been implemented by their members. NEOST representatives told us that most schools in England had increased locally specified pay points within the MPR, along with the minimum and maximum, by 2%. They said that, despite initial concerns expressed about affordability, schools had chosen this more costly approach because of considerations about morale and industrial relations. ASCL representatives told us that they had strongly advised schools to implement 2% increases across the MPR so that the range did not become "devalued". However, they reported that, in practice, many schools could not do this due to a lack of funding and estimated that almost 50% of schools chose to only increase the MPR minimum and maximum by 2%, while applying no uplift to intermediate points. NAHT representatives told us that schools had only managed the implementation of last year's recommendations "with great difficulty", but that most had increased all MPR points by 2%.
- 2.65 In relation to general views on the pay system, a number of consultees asserted that schools' use of pay flexibilities was limited because of a lack of funding. NEOST reported that a majority of local authorities who responded to its consultation indicated that the use of flexibilities was limited for reasons of affordability. It stated that, when pay flexibilities were used, the most common approaches were negotiating higher or

lower starting salaries, retention allowances and accelerated pay progression. In oral representations, ASCL told us that there was “no evidence” that pay flexibilities were being used or that school leaders have any appetite for using flexibilities in relation to annual pay uplifts. NAHT representatives told us that they saw no desire among their members for using flexibility on pay. They reported that school leaders did not have the financial capacity to use this flexibility and instead prioritised maintaining a better relationship with their staff.

- 2.66 Several other consultees, particularly those representing classroom teachers, contended that schools were using pay flexibility to hold down pay for financial reasons. The NEU reported that its 2017 survey found that 17% of respondents who were eligible for progression onto, and within, the upper pay range (UPR) had been explicitly told that their case for pay progression had been rejected due to the school’s funding position. Voice reported that funding constraints had led to a “significant minority” of its members not receiving a pay increase at all, in some cases for a number of years. The NASUWT reported that, of the respondents to its 2017 Pay Survey¹⁹, 70% met their performance management objectives but only 42% of those surveyed expected to receive pay progression. The NASUWT also claimed in its supplementary submission that, if flexibility continues to be permitted, the outcome will be widespread withholding of pay uplifts to teachers, exacerbating teacher supply issues. ASCL told us that “if employers are permitted to continue to erode the system then we can expect to see a worsening of the recruitment and retention crisis.”
- 2.67 Several consultees told us that aspects of the 2013 reforms should be reconsidered. A number proposed that the pay points within scales should be restored. UCAC asserted that this would help schools with financial planning and support the consistency and transparency of pay within the profession. Voice contended that these points should be restored as they “are transparent and simple to administer, remove a layer of bureaucracy that schools can well do without and offer some protection from equal pay claims.” The NEU characterised the 2013 reforms as “damaging experimentation with performance related pay for teachers” and urged us to re-introduce pay points with progression based on experience and pay portability.
- 2.68 Some consultees claimed that the 2013 reforms to the teachers’ pay system have had negative consequences in regard to recruitment, retention and morale. Several were of the view that these reforms had reduced certainty about salary progression and that this had aggravated recruitment and retention pressures. The NEU claimed that a major contributing factor to teacher supply problems was that teachers now had “no certainty of expectation with regard to earnings”. Voice asserted that a pay structure which made progression prospects and timescales clear would better support recruitment and retention than the “uncertainty” of the current system. The NASUWT told us that increased pay flexibility in recent years had not assisted schools in successfully tackling recruitment and retention challenges and had instead contributed to these issues. BATOD contended that providing greater flexibility on progression had failed to address the problem of retention and that the current system was divisive and open to wide interpretation.
- 2.69 Consultees raised concerns about the fairness and equalities implications of the pay system. The NEU reported that the findings of its pay and progression survey suggested that pay progression was resulting in worse outcomes for teachers with certain characteristics, including those protected under the Equality Act 2010. For example, it reported the respondents were more likely to report that they had not received a ‘cost-of-living’ pay increase in 2017 if they were: female; disabled; lesbian, gay, bisexual, transgender plus (LGBT+); not white British; or working part time. It also reported

¹⁹ Carried out in November and December 2017, the survey received over 5,000 responses from teachers in England and over 350 responses from teachers in Wales.

that 34% of part-time teachers who were eligible for pay progression had been denied this, compared to 17% of their full-time counterparts. In response to these findings, the NEU stated that the STRB must recommend an urgent equality impact assessment of the pay progression system. The NASUWT's submission also expressed concern about discriminatory pay practices in both the maintained and academy sectors. These included the impact on women teachers, particularly those who went on maternity leave, and teachers from BAME groups. The NASUWT asked us to address this by "recommending the publication of clear statutory guidance to end unacceptable and discriminatory pay practices."

Schools' financial resources

The Department's views

- 2.70 The Department contended that the Government was continuing to invest in education by adding £1.3 billion to the core schools and high needs budget over the next two years and was providing stability for schools through the transition to the National Funding Formula (NFF), starting from 2018-19.
- 2.71 The Department calculated that, nationally, costs could rise by 2.2% in 2018-19 and a further 1.4% in 2019-20 before schools would face real-terms pressures and that these figures provided "a theoretical absolute upper bound" for increases to teacher and support staff pay. However, it also stated that the STRB should take into account that these figures related to financial, rather than academic years, that there are priorities other than pay that schools may choose to spend this funding on, and that these are national averages and affordability at school level will vary. The Department also told us that we must consider the pay award in the context of the transition to the NFF.

The Welsh Government's views

- 2.72 The Welsh Government noted that local authorities are responsible for school funding in Wales. The forecast gross expenditure on education in Wales for 2017-18 was £2.543 billion. Of this, £2.142 billion was delegated to schools and £401 million for local authorities. The Welsh Government stated this equated to gross school expenditure per pupil of £5,628, an increase of 1.0% on last year. It reported that the Welsh Government's budget for 2018-19 includes £62 million of additional funding to maintain the assumed Welsh Government share of core spending on schools. It stated that no additional funding had been allocated for pay uplifts in 2018/19 from either the Welsh or UK Government and, as a result, "any increase may, of itself, be unfunded and will place additional pressures upon Welsh Government budgets."

Consultees' views

- 2.73 Most of our consultees raised significant concerns about the level of school funding and the impact that this was having on the education system. ASCL asserted that the level of funding provided to schools in recent years has left them in "significant difficulties". The NEU had calculated that 91% of schools will face real-terms reductions in funding between 2015 and 2020 and that the average cut would be £54,000 for primary schools and £205,600 for secondary schools. NAHT contended that there was "immense pressure on school budgets resulting from the current funding crisis". In its supplementary submission, NAHT expressed concern that the Department did not recognise that schools were facing a worsening position in terms of funding and asserted that most schools had already exhausted the potential for securing further efficiency savings. UCAC maintained that the "education system is currently seriously underfunded and cannot possibly achieve the outcomes we would all wish for our children and young

people.” NEOST reported that many local authorities had highlighted growing pressure on school budgets, forcing them to reduce the surpluses which schools require to operate effectively.

- 2.74 The NASUWT made clear that it considered that additional investment in the education system was required. However, it also asserted that there was currently enough funding in the system to afford an above inflation pay increase for teachers. It contended that there were significant budget surpluses within the school system which could be better spent on the teacher workforce. In oral representations, the NASUWT acknowledged that a minority of schools were in financial difficulty but told us that some schools have always faced deficits and that there was no evidence of a sustained structural issue. It insisted that this relatively small number of schools should not determine the STRB’s recommendations for all teachers.
- 2.75 Consultees’ submissions also reported that the financial pressures on school budgets have increased year-on-year. ASCL contended that increases to employer pensions and national insurance contributions, cuts to the education services grant (ESG), the apprenticeship levy and stagnating per-pupil funding had all been contributing factors. ASCL, NEOST and NGA highlighted the potential consequences if the proposed local government pay award, which will cover school support staff, is accepted. ASCL calculated the additional costs to the education budget would be 0.65% in 2018/19 and 1.35% in 2019/20.
- 2.76 A number of consultees commented on the Government’s position on school affordability in their supplementary submissions. The NEU asserted that it was inappropriate for the Department to ask the STRB to consider its recommendations within the context of affordability, stating that the STRB must not see the Department’s statement that “costs could rise a further 2.2% and 1.4% in 2018-19 and 2019-20 respectively before schools would face real terms pressures” as a ceiling for its recommendations on a pay award. The NASUWT contended that the Department’s statement on affordability was inaccurate as its “theoretical upper limit” did not take into account schools’ existing financial reserves.
- 2.77 In regard to Wales, UCAC were of the view that all Welsh schools will face further cuts during the lifetime of this parliament, with many due to only receive a “flat cash award” with no improvement on last year’s budgets. The NASUWT asserted in its supplementary evidence that the Welsh Government’s submission contradicts itself on school funding and that, taking into account schools’ financial reserves, an above inflation pay increase for teachers in Wales was affordable.

Targeting and productivity

The Department’s views

- 2.78 The Department asked the STRB, in making its recommendations this year, to consider how best to target uplifts to pay and allowances to support teacher recruitment and retention. The Department’s submission also stated that improvements to public sector productivity were vital to deliver Government objectives and meet rising demand for public services. It noted that, when responding to recommendations from pay review bodies, the Government will consider where pay awards can be agreed in return for improvements to public sector productivity.
- 2.79 In oral representations, the Secretary of State told us that there could be a case for targeting early career teachers for higher pay uplifts. He acknowledged that measuring productivity in education was a challenge. He stated that effective professional development and maintaining an adequate mix of teachers were important factors in

improving the productivity of the teaching workforce. When asked, the Secretary of State agreed that improving the retention of experienced teachers would also help to increase school productivity.

The Welsh Government's views

- 2.80 The Welsh Government's written submission and oral representations expressed opposition to any targeting of pay uplifts. It recommended that any pay increase for 2018/19 is applied equally across all salaries of teachers and school leaders.

Consultees' views

- 2.81 Most consultees told us that they opposed any targeting of uplifts to pay and allowance ranges in 2018/19. The joint union statement contended that targeting in recent years had been unsuccessful and had undermined morale and the value and status of the profession. It proposed that the STRB should recommend "a significant increase in pay for all teachers and school leaders, irrespective of their career stage, setting or geographical location". The signatories to this joint statement made similar points in their individual submissions. For example, NAHT stated that it opposed the Department's suggestion of a differentiated pay award in 2018/19, either for teachers in the early stages of their career, or for roles in a particular area or specialism. It considered that this approach would be unlikely to resolve the issues with teacher recruitment or retention, while being detrimental to teacher morale. The NASUWT asserted that "in order to achieve any beneficial impact on recruitment and retention" the STRB must recommend a substantial above inflation pay uplift for all teachers and school leaders. NEOST stated that it strongly believed that the STRB should not seek to differentiate the 2018/19 pay award by targeting different percentage uplifts "within the same pay ranges nor across them." It claimed that there had been "unintended negative consequences" of last year's differential uplift.
- 2.82 In oral representations, a number of consultees told us that targeted uplifts to the MPR in previous years had been ineffective and had a negative impact on teachers on other pay ranges. The NASUWT contended that this approach had demoralised the more senior end of the workforce and Voice asserted that such targeting "depresses" the pay of the profession as a whole. ASCL claimed that, while targeting may work to fix a single issue, there are recruitment and retention pressures at every point in the teachers' pay structure. Similarly, the NEU asserted that recruitment and retention problems were widespread and that targeting could not be the solution to a problem of this scale. NAHT contended that a pay award targeted at early career teachers would be "dangerous" as it was necessary to look at the whole career to support retention. UCAC maintained that such targeting would negatively affect morale and "team spirit" among the teaching profession. It also asserted that other mechanisms, such as schemes to assist with student loan repayments, would be more effective than targeted pay uplifts at addressing specific areas of recruitment and retention pressure.
- 2.83 Some consultees were critical of the reference to productivity in our remit. UCAC asserted that this was "completely inappropriate" and that the main productivity issue was that teachers' workloads were unmanageable and they work considerable hours of unpaid overtime. The NASUWT claimed that the Government was "fundamentally mistaken" when it asserted in the remit letter that teachers' pay arrangements supported productivity. It proposed that the STRB should focus on teachers' "effort" and working hours rather than productivity. NEOST reported that many local authorities had highlighted the difficulties in defining and measuring productivity in a classroom setting. It contended that this suggested that there was limited scope for either defining or improving productivity through the pay framework.

Pay award for 2018/19

The Department's views

2.84 The Department's submission did not make any specific proposals about the level of uplift to pay and allowance ranges in 2018/19. In his oral representations, the Secretary of State told us that it was important to have a "fair pay settlement" for teachers but that schools have to manage pay increases within their current funding allocations. He recognised that school finances were tight but said that funding was high by historical standards and that his Department had recently provided £1.3 billion of additional funding. The Secretary of State said that an award of higher than the 'theoretical upper bound' of affordability provided in his written evidence would present risks to both the financial stability of schools and to industrial relations.

The Welsh Government's views

2.85 The Welsh Government stated that it was likely that any teachers' pay award would be unfunded and would therefore place additional pressure on school budgets in Wales. In its supplementary submission, the Welsh Government reiterated its opposition to school-level flexibility on pay decisions and suggested that any uplift should be allocated equally to all pay and allowance ranges.

2.86 In oral representations, Welsh Government officials were asked what would happen in Wales if there was a larger pay award than those made in recent years, such as the 5% increase proposed by some other consultees, with no additional funding provided by the UK Government. They told us that this would have a substantial impact on schools' budgets and predicted that schools would try to make efficiency savings and differentiate the implementation of such an award to manage the costs. However, they considered that there would be limited scope to offset costs in this way and that money would have to be found elsewhere in the education budget or from increases to council tax.

Consultees' views

2.87 Most consultees told us that a substantial pay uplift was required in September 2018. The joint statement from ASCL, NAHT, the NEU, UCAC and Voice asserted that, after seven years of real-terms reductions in pay, Government should award a "restorative" pay increase of 5% for all teachers and school leaders. It contended that this would help restore pay levels in real terms and begin to address the disparity in pay between teaching and other graduate professions. The joint statement also asserted that this should be a "cost of living" pay increase applied to all salaries and allowances in payment and separate from pay progression based on performance. The NASUWT asked the STRB to recommend a substantial above-inflation uplift to all statutory and non-statutory pay ranges and allowances. It did not provide a specific figure for an uplift in 2018/19 but asserted that this should be part of a planned process over a number of years to "close the gap between the pay of teachers and comparative graduate professions". BATOD recommended an uplift to all pay ranges for teachers and school leaders "to address the real terms erosion of salaries over the last 10 years." NEOST reported that the "broad consensus" of the local authorities it had consulted was that a pay increase of more than 1% was necessary. NGA contended that it considered that teachers "deserve a better pay award than the 1% they have been receiving over the last several years".

2.88 With the exception of the NASUWT and BATOD, all other consultees stated that any pay award in September 2018 must be fully funded by Government. The joint union statement reported that its signatories believed that "any pay increases arising from the recommendations of the STRB must be fully funded by Government for schools both in England and Wales". It asserted that, without this funding, schools would be forced to

choose between paying teachers fairly or funding the curriculum. NEOST claimed that any award above 1% would be unaffordable without further funding from Government, stating that “without additional monies, this would be extremely challenging for schools to manage and would do little to increase the immediate supply of a high-quality talent pool.” NGA contended that “in order to make a difference” the pay award must be fully funded. As set out above, the NEU stated that it disagreed with the STRB’s position in its 27th report that it could not make recommendations on the Government’s funding policy for schools. It proposed that, if the Review Body did “decide to limit its recommendations on the basis of concerns about affordability” it should also set out what it considered to be the appropriate level of pay for teachers and school leaders if these matters were not taken into account.

- 2.89 In oral representation sessions, we asked consultees representing school leaders, local authorities and governing bodies about how their members would manage a larger pay uplift, such as the 5% award proposed in the joint union statement, if the Government did not provide any additional funding. ASCL representatives told us that this would cause serious issues in schools. They predicted that, in order to fund the pay award, schools would have to make teachers and support staff redundant. This would reduce curriculum choices and have a significant negative impact on young people’s lives. Representatives from NAHT told us that this would “cause chaos on the ground”, with its members unable to afford to pass on such an uplift to all teachers. However, they also told us that schools are already at crisis point in regard to funding and that it would be difficult to implement any level of pay increase without additional money. They asserted that the funding situation should not stop the STRB stating what level of award was required to address the current “pay crisis”. NEOST representatives predicted that schools would make support staff redundant and that such a situation would force all schools to take a differentiated approach to implementing the uplift. Representatives from NGA predicted that most of its members would not be able to manage an unfunded 5% pay award in 2018/19. They noted that regional differences in funding would mean that the impact would vary but were clear that this would still present a significant challenge to schools even in the areas with the highest funding levels.
- 2.90 We also asked the unions representing classroom teachers about how they thought schools would manage such a pay increase without additional funding. The NASUWT told us that they considered that there was enough funding in the system for an above inflation pay award and that the STRB should deliver a clear message about the need to prioritise teachers’ pay in budgeting decisions. The NEU representatives told us that they wanted the STRB to recommend a 5% uplift regardless of whether additional funding was provided. However, they acknowledged that, if implemented without additional funding, there would be a risk that schools would use local flexibility to only increase the minimum points of pay ranges which would “cause all sorts of issues.” Representatives from Voice told us that an unfunded uplift would have a huge impact on schools. The consequences would be redundancies, especially for support staff. UCAC contended that, if such a pay award was not funded, there would simply not be enough money in the system to implement it.

Summary of views on remit matters

- 2.91 The STRB has carefully considered all of the representations submitted by our consultees. We have summarised below the main points made to us about the remit matters for our 28th report:
- There are stark differences between the assessments of teacher supply presented by the UK and Welsh Governments and those of consultees representing teachers and school leaders. Both governments asserted that the state of teacher recruitment and retention was generally satisfactory, with some specific areas of challenge.

The teacher unions all stated that there were significant difficulties in relation to the recruitment and retention of teachers, with many characterising the situation as a crisis.

- Consultees also presented differing views on schools' finances and ability to manage pay uplifts in 2018/19. The NASUWT stated that there was currently sufficient funding in the system to implement a substantially above inflation pay uplift in September 2018. The Department calculated that average school funding levels will provide some headroom for pay uplifts but told us that the level of award should not place additional real-terms cost pressures on schools beyond this level. All other consultees reported that schools faced substantial funding pressures and stated that additional funding should be provided by the UK Government to meet the costs of pay uplifts for 2018/19.
- Five of our consultees – ASCL, NAHT, the NEU, Voice and UCAC – made a specific proposal for the 2018 pay award, telling us that pay and allowances for all teachers should be increased by 5%. The NASUWT told us that a substantial above inflation pay increase was required, while NEOST and NGA both supported a pay uplift of more than 1%. The Department and the Welsh Government did not make any recommendations about the level of pay uplift.
- With the exception of the UK Government, all consultees were opposed to the principle that schools should have the ability to decide how uplifts to the national framework would apply to the pay of individual teachers. Most stated that a “cost-of-living” award was required, which would be applied to all teachers' salaries and allowances in payment, separate to any pay progression decisions. The UK Government continued to support school leaders and governing bodies having flexibility to determine how to apply uplifts to pay and allowance ranges.
- Most consultees told us that there should be a uniform uplift to pay and allowance ranges and strongly rejected any targeting of specific pay ranges or groups of teachers for higher or lower uplifts. These consultees contended that such targeting was divisive and would not help address recruitment and retention pressures. The Department told the STRB that it should consider targeting and, in oral representations, suggested that this could focus on early career teachers.

CHAPTER 3

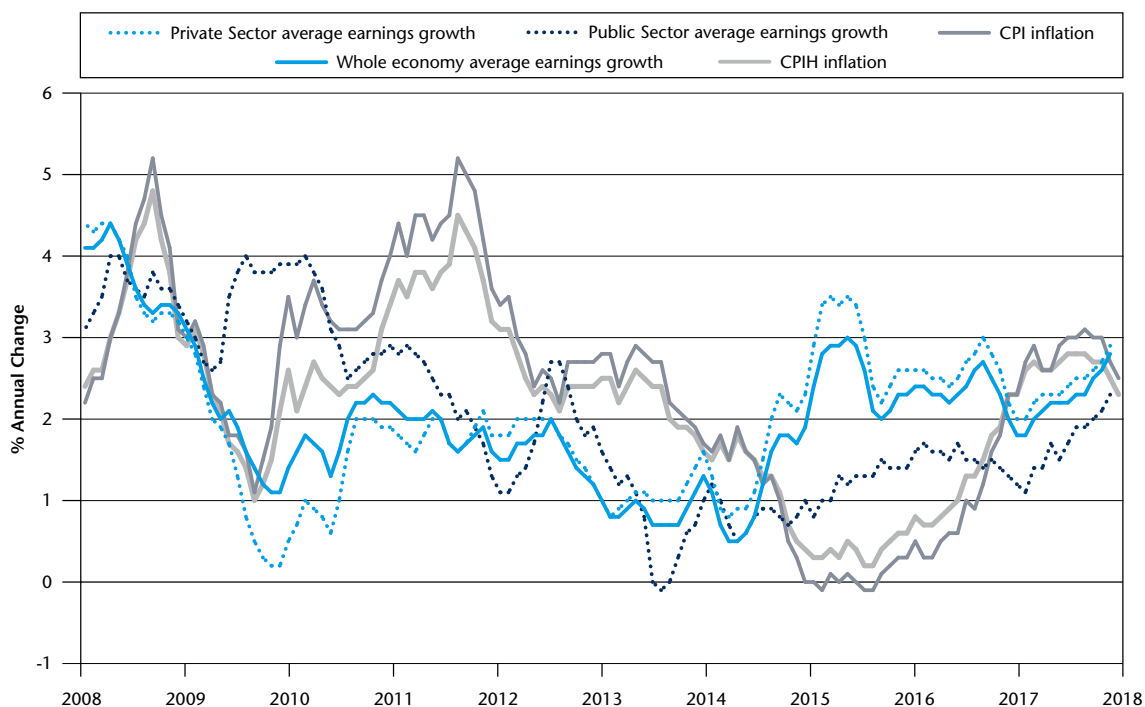
The teacher labour market

- 3.1 This chapter considers the key economic, earnings and recruitment and retention indicators that collectively inform us about the state of the teacher labour market. We also set out our understanding of the latest position on school finances.

Economic context

- 3.2 Employment has continued to see strong growth, with the overall number of people in employment increasing by 427,000 to 32.26 million in the 12 months to February 2018. The employment rate was 75.4%, the highest since comparable records began in 1971. The growth in employment was concentrated in full-time employees and part-time self-employment.
- 3.3 Gross Domestic Product (GDP) grew by an estimated 1.8% in 2017. In its March forecast, the Office for Budget Responsibility (OBR) expected GDP growth of 1.5% in 2018, slowing a little to 1.3% in 2019 and 2020 (as public spending cuts and Brexit-related uncertainty weigh on the economy) and picking up modestly thereafter as productivity growth quickens.
- 3.4 Figure 1 shows economy-wide average earnings growth and Consumer Prices Index (CPI) inflation (with and without owner occupiers' housing costs) since 2008. CPIH and CPI inflation rose between October 2015 and November 2017. Since then inflation has fallen again. The latest figures for February 2018 show a return to positive whole economy real earnings growth in the UK for the first time since April 2017.
- 3.5 The latest inflation figures, for March 2018, put the CPI rate at 2.5%. This was a fall from 3.0% in January and 2.7% in February. The Retail Prices Index (RPI) rate of inflation was at 3.3% in March 2018 and CPIH inflation was at 2.3%. The OBR expects CPI inflation to have peaked at 3.1% in November 2017 and to decline through 2018. CPI inflation is forecast to remain above the Government's 2% target until at least 2019, as sterling depreciation continues to feed through to higher import prices.
- 3.6 Expectations for average earnings growth were revised down at the end of last year, in light of low out-turn data and persistent weak productivity growth. In its March 2018 economic outlook, the OBR said it expected average earnings growth to pick up to 2.7% in 2018 and then fall back again to 2.4% and 2.5% in 2019 and 2020. The latest (May 2018) projections from the Bank of England suggest average earnings growth of 2.75% in 2018, rising to 3.25% in 2019.

Figure 1
Economy-wide weekly earnings growth (excluding bonuses) and CPIH/CPI inflation (annual % changes), 2008-2018¹



Teachers' pay

Pay settlements

- 3.7 Table 1 below sets out average headline pay settlements from 2007/8 to 2017/18. This period included the three-year pay award for teachers which ran from September 2008 to August 2011. Teachers' pay settlements were fairly stable at 2.3% to 2.5% until 2011/12, when the pay freeze for teachers began. While there was generally a single headline award for teachers, it should be noted that there was some differentiation in the uplifts made to the pay framework in 2015/16 and 2017/18.
- 3.8 In the public sector more widely, median headline pay settlements fell to zero in 2010/11 and recovered to 1.0% in 2013/14 when the two year public sector pay freeze finished. This pay freeze applied to teachers one year later than the wider public sector (2011/12 and 2012/13) due to the previous three-year pay award. Since then public sector settlements saw a small rise in 2014/15 before falling back to around 1% the following year and remaining at this level².
- 3.9 The value of median pay settlements in the private sector fell sharply in 2009/10, briefly reaching zero in January 2010. This has since recovered steadily with median private sector settlements having stabilised at 2.0% over the past five years. Initial data for 2017/18 suggest private sector settlements averaging 2.0% and public sector settlements averaging 1.1%.

¹ OME analysis of ONS consumer prices and labour market data

² While public sector pay settlements between 2014 and 2016 appear to diverge from the public sector pay policy of 1%, this is explained by the XpertHR method of valuing the settlement data which recorded higher than average settlements paid to the lowest grades in some parts of the public sector (e.g. local government).

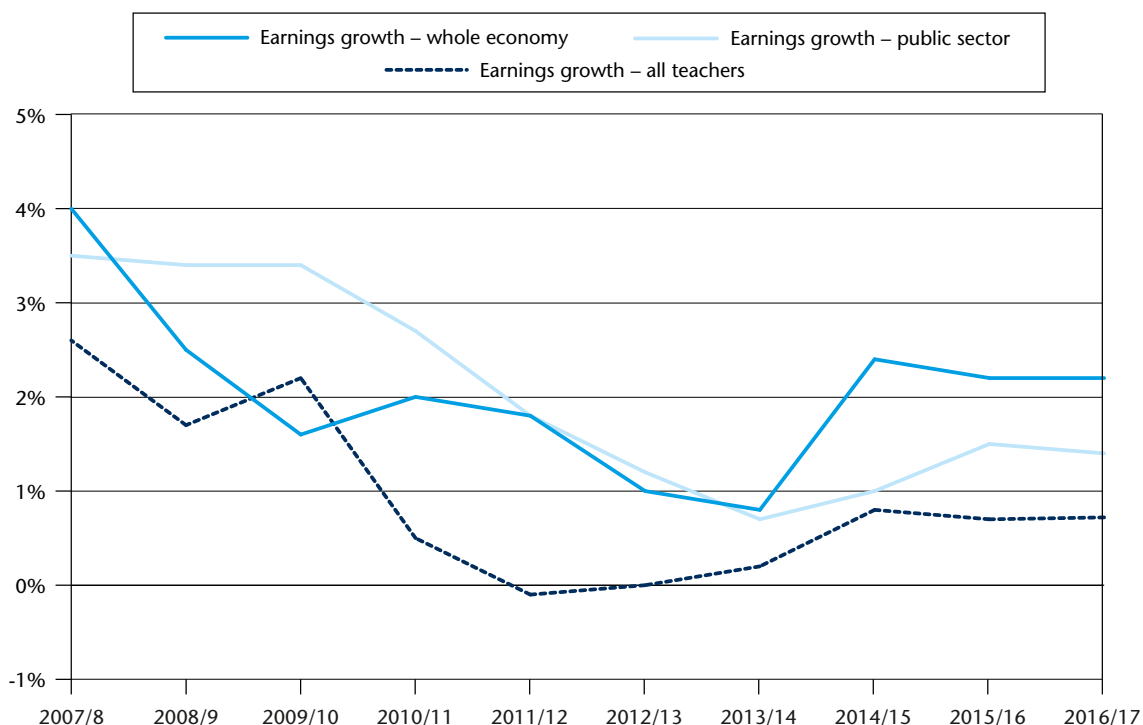
Table 1
Median pay settlements (%), 2008 to 2018³

Academic Year	Teachers	Public Sector Average	Private Sector Average
2007/08	2.5	2.5	3.5
2008/09	2.45	2.0	3.4
2009/10	2.3	0.0	1.0
2010/11	2.3	0.0	1.3
2011/12	0.0	0.0	2.2
2012/13	0.0	1.0	2.5
2013/14	1.0	1.0	2.0
2014/15	1.0	1.5	2.0
2015/16 ⁴	1.0 (2.0 to MPR maxima)	1.0	2.0
2016/17	1.0	1.0	2.0
2017/18 ⁵	(MPR) 2.0 (Other ranges) 1.0	-	-

Teachers' earnings growth

3.10 Over most of the last decade, teachers' median earnings have grown at a slower rate than earnings across both the economy as a whole and the public sector overall. Figure 2 shows annual changes in median teachers' earnings in England, compared to changes in earnings across the economy. Earnings growth across the profession was close to zero between 2010/11 and 2013/14, partially reflecting the impact of the pay freeze, and closer to 1% between 2014/15 and 2016/17.

Figure 2
Growth in median teachers' earnings (%), 2007/8 to 2016/17⁶



³ OME analysis of XperTHR pay settlements data – based on median settlements for the 12 months to August each year.

⁴ In 2015/16 the MPR maximum was uplifted by 2% and all other minima and maxima by 1%

⁵ In 2017/18 the MPR minimum and maximum were uplifted by 2%, all other minima and maxima by 1%

⁶ OME analysis of DfE Schools Workforce Census and ONS earnings data. Earnings growth for the whole economy and public sector is the percentage change in the mean earnings excluding bonuses over each academic year.

- 3.11 Earnings growth reflects several factors, including the adjustments of pay ranges following a pay award, individuals' pay progression and changes in the composition of the workforce as teachers leave and join. For example, from 2011 to 2016 the median age for teachers in England fell from 38.7 to 37.6. Controlling for changes in the composition of the workforce, the Department estimates the average earnings increase for those teachers in continuous service between November 2015 and November 2016 was 4.6%. This figure excludes joiners and leavers and accounts for both pay progression and pay awards.

Teachers compared to the wider graduate labour market

- 3.12 We have examined a range of information on the graduate labour market, including vacancies and salaries, and have compared both the starting pay and profession-wide earnings of teachers with those of other graduate professions. We compare teachers' earnings with those of other *professional occupations* as described by the Standard Occupational Classification (SOC)⁷. Much of the analysis in this section is based on survey estimates which carry some margin of error. When sample sizes are smaller, including regional estimates, this margin will be greater.

Graduate employment opportunities

- 3.13 The latest annual survey by the Institute of Student Employers (ISE)⁸ conducted in summer 2017 found that, for firms responding to both the 2016 and 2017 surveys, the number of graduate hires grew by 1%. However, the 2018 High Fliers report found that the number of graduates hired by the UK top 100 graduate employers decreased by 4.9% in 2017. This is the first drop recorded in five years and the biggest annual fall recorded since 2009. Many top employers downgraded their recruitment target due to uncertainty about the impact of Brexit.
- 3.14 According to High Fliers, the outlook for 2018 is cautiously optimistic with graduate recruitment at the country's top employers expected to increase by 3.6%. The biggest growth in vacancies is expected at public sector organisations, accounting and professional services firms, and engineering and industrial companies.

Teachers' starting salaries compared to other graduates

- 3.15 Data relating to the earnings of new graduates vary in their timeliness and respondent base. The Institute of Student Employers (ISE) and High Fliers provide data up to 2017 and are weighted towards large 'graduate scheme' recruiters, which tend to recruit disproportionately in London and the South East. The Higher Education Statistics Authority (HESA) data are taken from its Destination of Leavers from Higher Education (DLHE) survey. This is an official survey sent to all students approximately six months after graduation, which consequently covers a broader range of graduate employment destinations, although we focus on first and higher degree holders entering *professional occupations*. The latest HESA data relate to 2016 graduates.
- 3.16 Table 2 summarises the headline graduate median starting salaries reported by HESA⁹, ISE and High Fliers compared to teachers' minimum starting pay. The High Fliers report suggests that starting salaries have remained stable at £30,000 in 2017. The ISE publication suggests that starting salaries increased by 2% from £27,500 in 2016

⁷ Standard Occupational Classification (SOC) 2010 states that most occupations in this major group will require a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training. The 'other *professional occupations*' used in this analysis comparator group excludes teachers.

⁸ Previously the Association of Graduate Recruiters (AGR).

⁹ Note that the HESA figures are rounded to the nearest £1000, which may mask modest changes in median salaries.

to £28,000 in 2017. The HESA data, covering a broader range of employers, suggests a lower median starting salary of £25,000 for those entering *professional occupations*. Teachers' minimum starting salaries in England and Wales (outside of London) were lower than each of these sources. Teachers' minimum starting salaries in Inner London were more competitive, exceeding the HESA median for London but lower than the ISE and High Fliers figures.

- 3.17 Both ISE and High Fliers confirmed that investment banking and law firms planned to offer the highest median starting salaries (at £45,000 and £36,000 respectively according to ISE and £47,000 and £44,000 according to High Fliers). ISE found that the lowest starting salaries were in retail (£25,250) and accountancy or professional services (£26,433). High Fliers found the lowest starting salaries were for public sector (£24,200) and armed forces (£26,000).

Table 2
Graduate starting salaries (median), 2012-2017¹⁰

	2012 graduates	2013 graduates	2014 graduates	2015 graduates	2016 graduates	2017 graduates
HESA	£25,000 (£27,000 London)	£25,000 (£26,000 London)	£25,000 (£27,000 London)	£25,000 (£27,000 London)	£25,000 (£27,000 London)	–
ISE (previously AGR)	£26,000	£26,500	£27,000	£27,000 (£28,000 London)	£27,500 (£29,500 London)	£28,000 (£32,000 London)
High Fliers	£26,000	£29,000	£29,500	£30,000	£30,000	£30,000
Teachers ¹¹	£21,588 (£27,000 Inner London)	£21,804 (£27,270 Inner London)	£22,023 (£27,543 Inner London)	£22,244 (£27,819 Inner London)	£22,467 (£28,098 Inner London)	£22,917 (£28,660 Inner London)

Teachers' starting salaries compared to HESA data

- 3.18 The following charts focus on the HESA data for 2016 graduates and provide an update to our analysis of the starting salaries of graduates entering non-teaching *professional occupations* in a wide range of organisation types. The survey records over 50,000 salaries each year in this group of occupations. As noted above, the HESA figures are rounded, therefore caution must be taken when interpreting differences between groups or over time. The 'first degree' comparator group refers to graduates entering employment following their first degree whereas the 'first or higher degree' comparator group additionally includes graduates obtaining a higher degree (for example, masters or PhD). Overall, just over 20% of individuals in these analyses had undertaken a higher degree. The prevalence of higher degree graduates varies by occupation and, in some cases, further degrees have been undertaken by individuals at later points in their careers.
- 3.19 Figures 3a and 3b compare the minimum starting salary of teachers with the median starting salary of first degree, and first and higher degree, graduates entering other *professional occupations*. Figure 3a compares salary levels while Figure 3b presents the percentage difference between the salaries of new teachers and graduates entering other *professional occupations*. While the minimum of the main pay range has been used as a benchmark for teachers, schools do have the freedom to pay more. For London, we

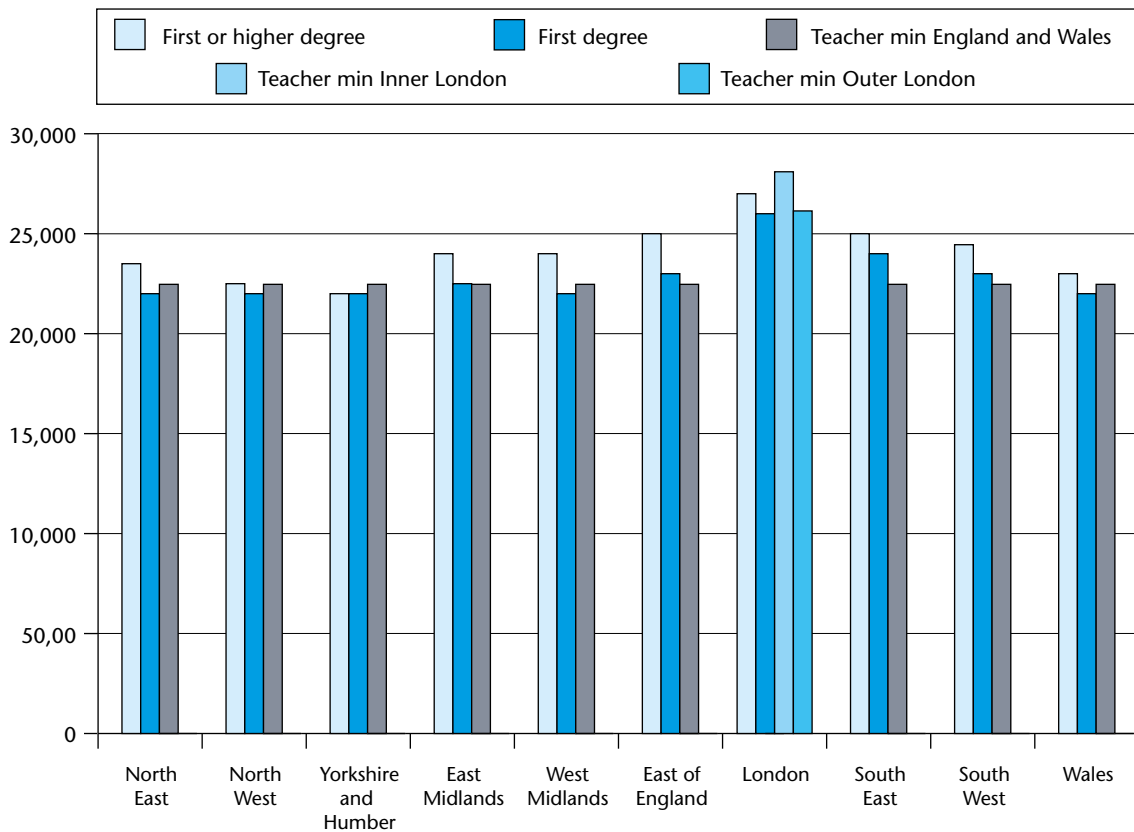
¹⁰ OME analysis of ISE, High Fliers and HESA Destination of Leavers from Higher Education (DLHE) data.

¹¹ Teachers' figures are the minima of the MPR. Schools do have the flexibility to pay new teachers more than the range minimum.

have included the minima of both the Inner and Outer London teacher pay ranges in our comparisons with salaries in other *professional occupations*¹².

3.20 Figures 3a and 3b show that the minimum starting pay of teachers outside London was broadly competitive against the median starting salary of first degree graduates entering other *professional occupations*. However, the teachers' minimum was lower in most regions outside of London (except for Yorkshire and the Humber) when higher degree graduates were included in the comparator group. In London, the minimum starting salary for Inner London teachers was higher than the median starting salary for both graduate groups.

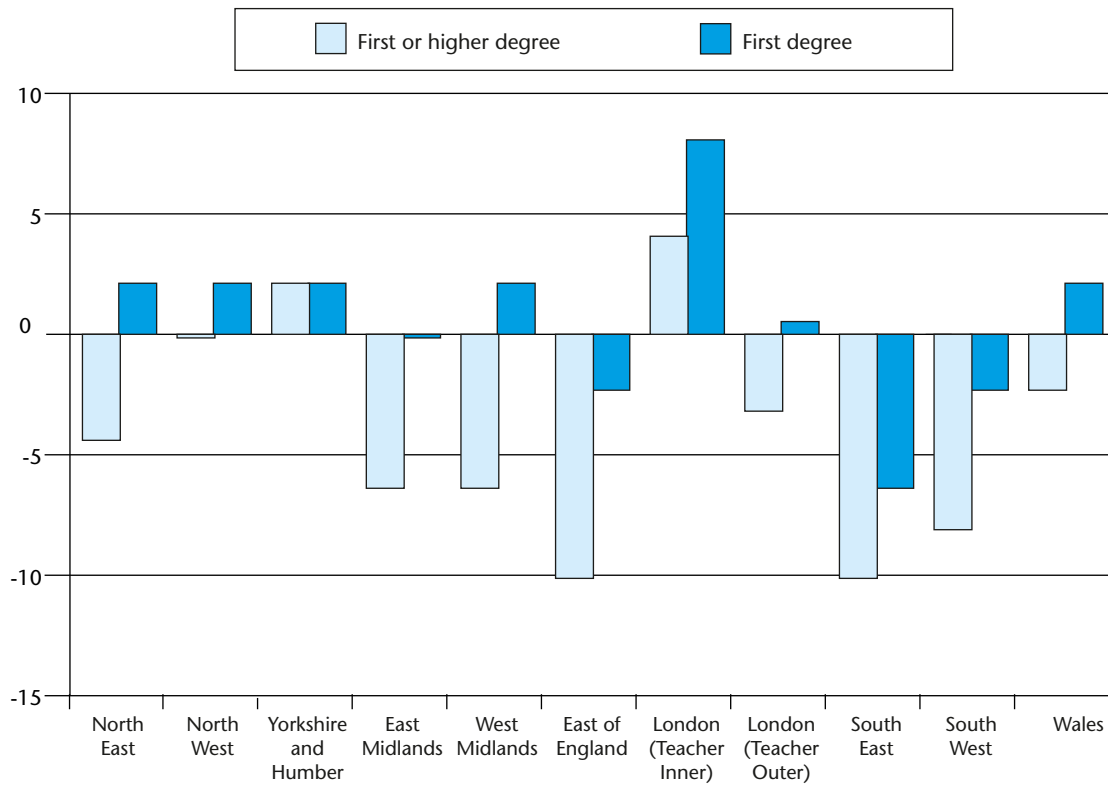
Figure 3a
Teachers' minimum starting salaries compared to median starting salaries of 2016 graduates entering other professional occupations¹³



¹²Note that some teachers may be on the London fringe pay scale which applies in some areas of London and some areas of the South East but has not been included on the graph.

¹³OME analysis of HESA Destination of Leavers from Higher Education (DLHE) data.

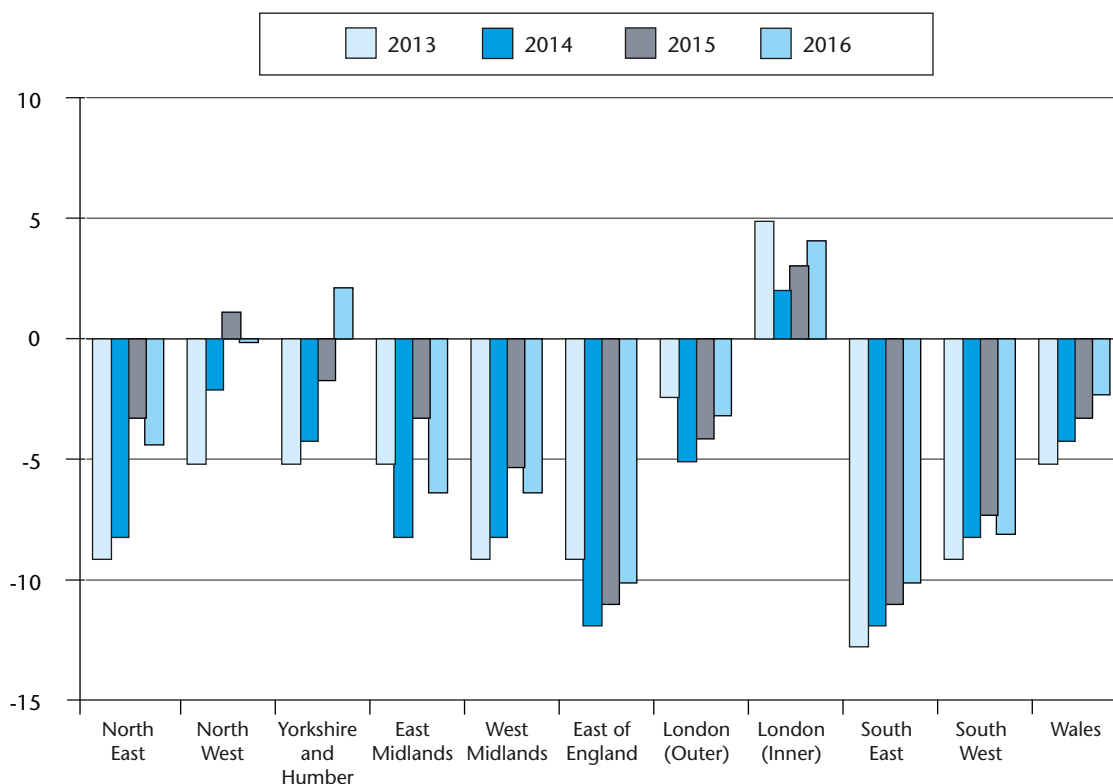
Figure 3b
Percentage difference between classroom teachers' minimum starting salaries and median starting salaries of graduates entering other professional occupations, 2016¹⁴



3.21 Figure 4 provides a time series that shows the percentage differential between teachers' minimum starting salary and the estimated median starting salary of new graduates with a first or higher degree entering other *professional occupations*. Teachers' starting pay in 2016 continued to be lower than the estimated median for other *professional occupations* in all regions except Inner London and Yorkshire and the Humber. The largest differentials were again in the South East, East of England and South West.

¹⁴OME analysis of HESA Destination of Leavers from Higher Education (DLHE) data. The two bars for London compare the median starting salary for graduates entering *professional occupations* in London to the teacher minimum starting salary in Inner London and then for Outer London. The minimum starting salary in the rest of England and Wales is used for all other comparisons.

Figure 4
Percentage difference between classroom teachers' minimum starting salaries and median starting salaries of graduates entering other professional occupations 2013-2016¹⁵



Comparisons with specific occupations

3.22 HESA data allow us to examine starting salaries for individual professions that employ significant numbers of graduates¹⁶. Figures 5a and 5b present the median starting salary data for specific occupations in England and Wales, and, separately, London¹⁷. The main findings are:

- In England and Wales (excluding London) (Figure 5a) occupations within the *professional occupations* group tend to be higher paying (largely clustered towards the bottom of the chart).
- In London (Figure 5b) finance/investment, management and senior educational occupations tend to dominate the higher paying professions.
- A number of largely public sector occupations are among the higher paying occupations including medical practitioners and social workers.
- The relative position of teachers' starting pay has remained broadly similar over recent years.

¹⁵ OME analysis of HESA Destination of Leavers from Higher Education (DLHE) data. The two bars for London compare the median starting salary for graduates entering *professional occupations* to the teacher minimum starting salaries in Inner London and Outer London. The minimum starting salary in the rest of England and Wales is used for all other comparisons.

¹⁶ This analysis includes occupations from SOC groups 1 (Managers, Directors and Senior Officials), 2 (Professional occupations) and 3 (Associate Professional and Technical occupations).

¹⁷ OME analysis of HESA destination of leavers from Higher Education (DLHE) survey. The charts are limited to those occupations with the highest numbers of graduate entrants recorded in the HESA data. In each figure the occupations listed covers 80% of all graduates – for London this is occupations with 100 or more graduates, for England and Wales this is occupations with 280 or more graduates.

Figure 5a
Median Starting pay of 2016 first/higher degree graduates, by occupation in
England and Wales (excluding London)

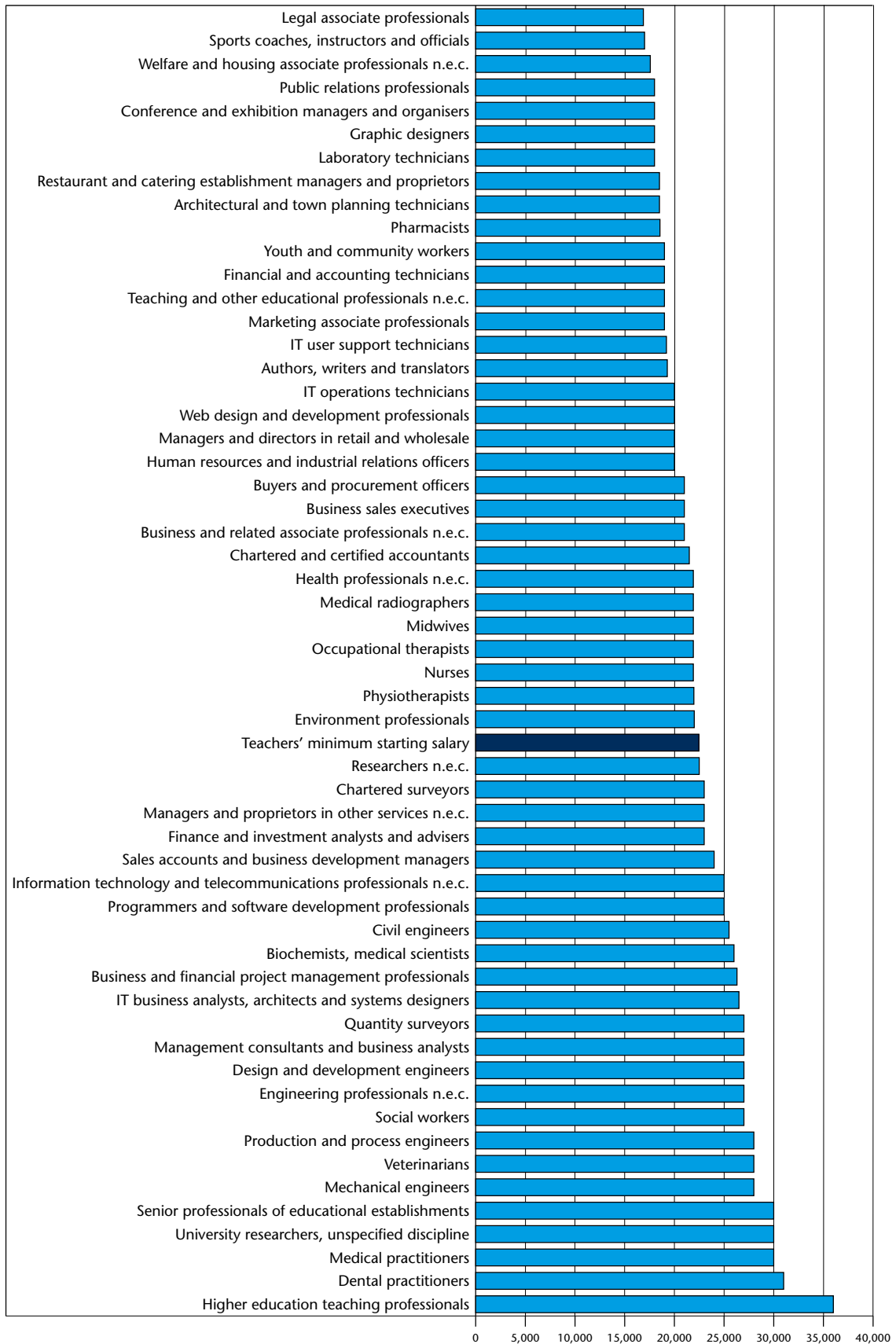
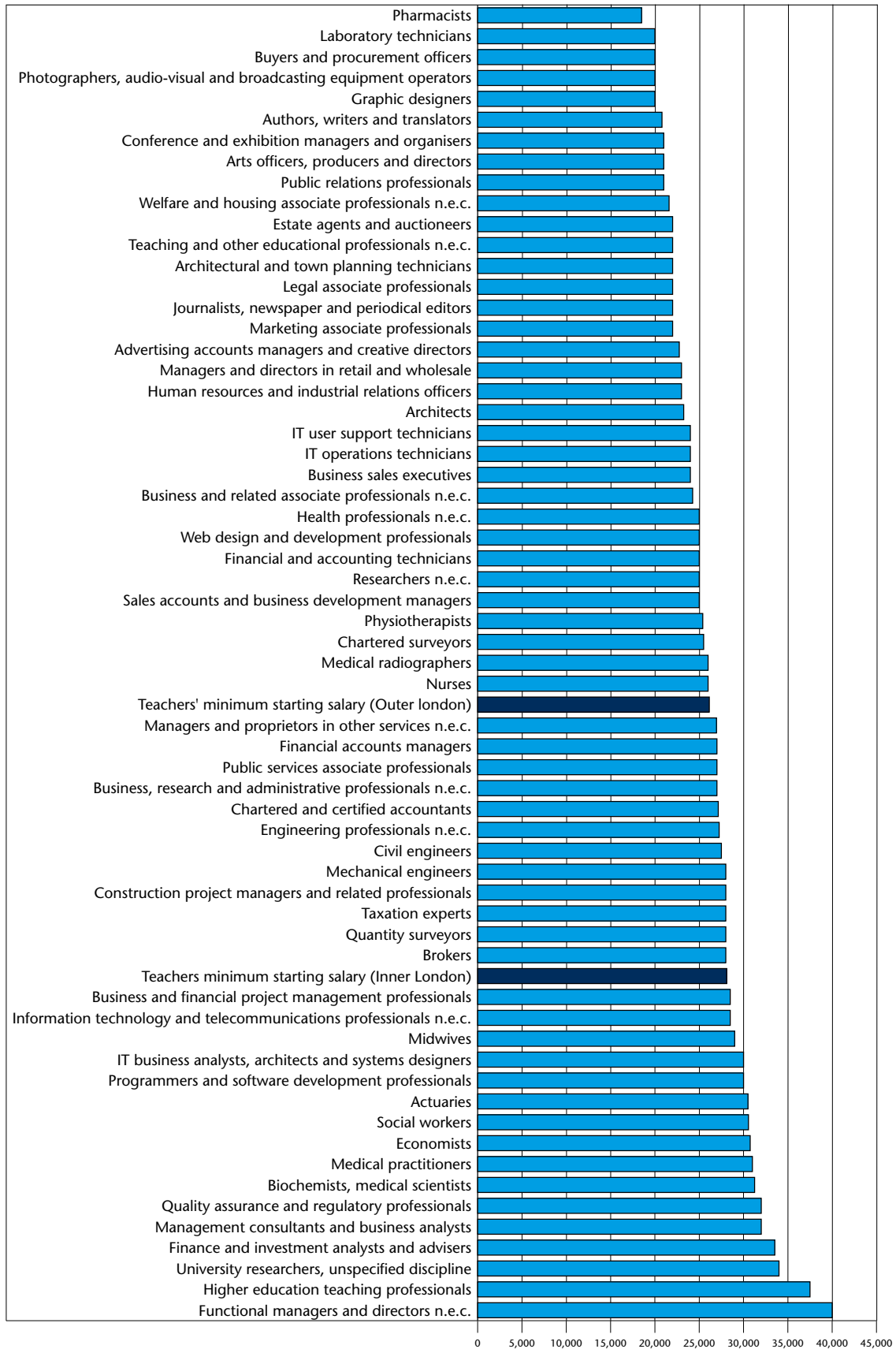


Figure 5b
Median Starting pay of 2016 first/higher degree graduates, by occupation
in London



Graduate pay progression

- 3.23 In addition to starting salary, pay progression is an important consideration for potential new recruits. We have found it difficult to identify robust sources of information that explicitly analyse the extent to which pay increases over time across a range of professions. However, the Department for Education's Longitudinal Education Outcomes (LEO) data do enable us to make some assessment of earnings growth for graduates in their early years of work and to compare this with the expected earnings of teachers.
- 3.24 The LEO data link Higher Education Statistics Agency (HESA) data with employment, benefits and earnings data from DWP and HMRC, tracking students' earnings and employment in the years following graduation. The published data focus on those who graduated with a first-degree qualification from English Higher Education Institutions (HEIs). They include the earnings of both employed and self-employed workers and do not distinguish between full and part-time working. The analysis that follows examines earnings three and five years after graduation (for 2010 and 2012 graduates). A teacher working full time would have expected to have earned £25,028 per annum three years after graduation and £29,095 five years after graduation assuming they immediately undertook a year of initial training followed by a teaching post and received pay progression each year¹⁸.
- 3.25 Figures 6a and 6b show the distribution (interquartile range and median) of earnings three and five years after graduation by subject studied. For the purpose of comparison, we have also presented the expected salary of a teacher graduating at the same time and undertaking a year of training before commencing a teaching post. The charts show:
- There is considerable variation in earnings three and five years after graduation – both within and between subjects studied. Three years after graduation, median earnings ranged from £42,800 for medicine and dentistry to £17,800 for creative art and design graduates. Five years after graduation, median earnings ranged from £47,300 for medicine and dentistry graduates to £20,200 for creative art and design graduates.
 - In the context of those entering teaching, our analysis shows that the expected earnings three years after graduation fell below the median earnings of graduates in a significant number of subject areas: medicine, veterinary science, economics, engineering, architecture, mathematical sciences, nursing and computer science. The relative earnings of teachers five years after graduation fared similarly, although exceeded the median earnings of graduates in two of the subject areas above (nursing and computer science).
- 3.26 The median earnings across all graduates in 2015-16 was £22,800 three years after graduating and £25,700 five years after graduating. Note that this includes graduates going into all types of occupations and working both full and part time.

¹⁸ Estimated expected salaries adjusted to financial years.

Figure 6a
Graduate earnings three years after graduation by subject compared to expected teachers' earnings

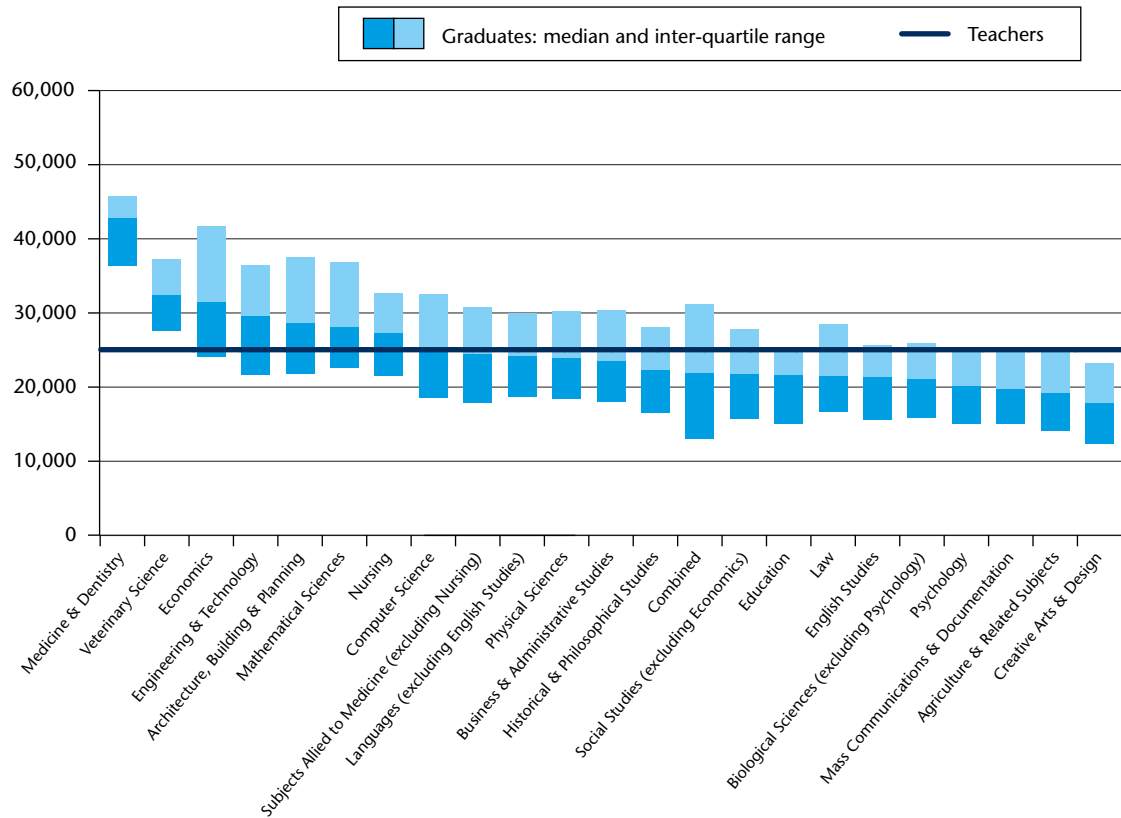
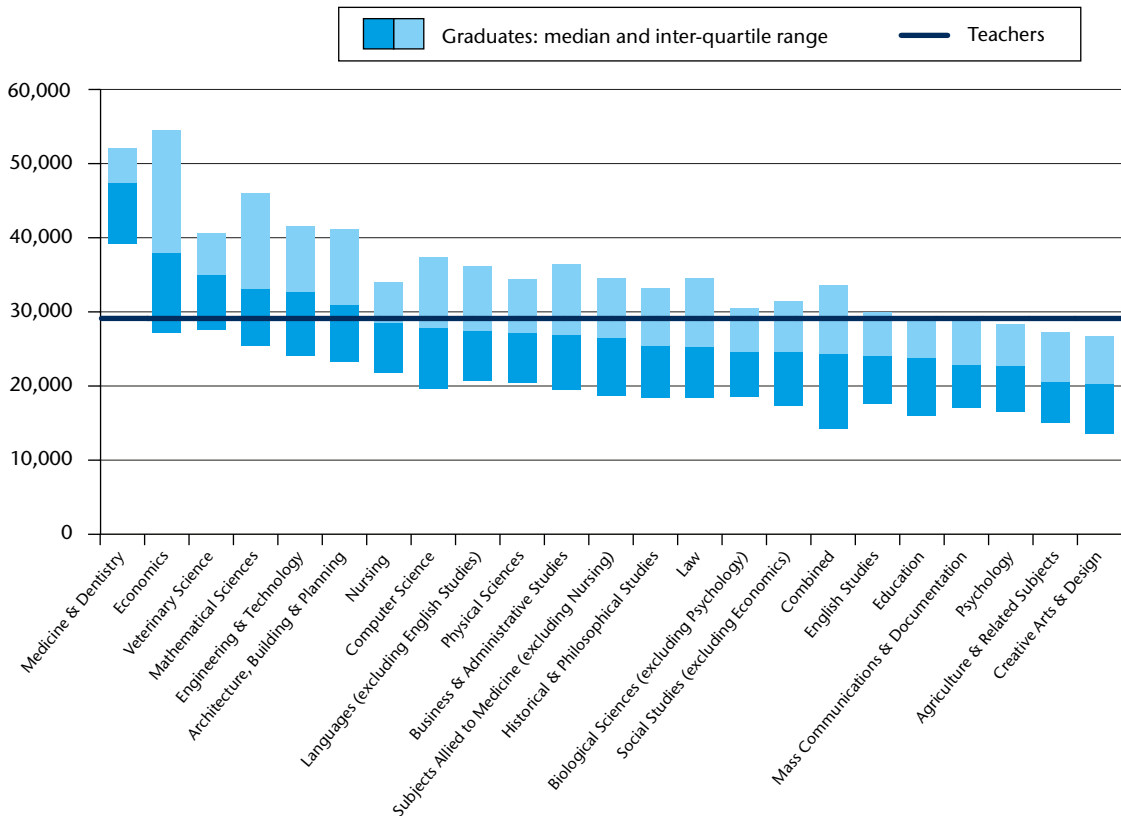


Figure 6b
Graduate earnings five years after graduation by subject compared to expected teachers' earnings

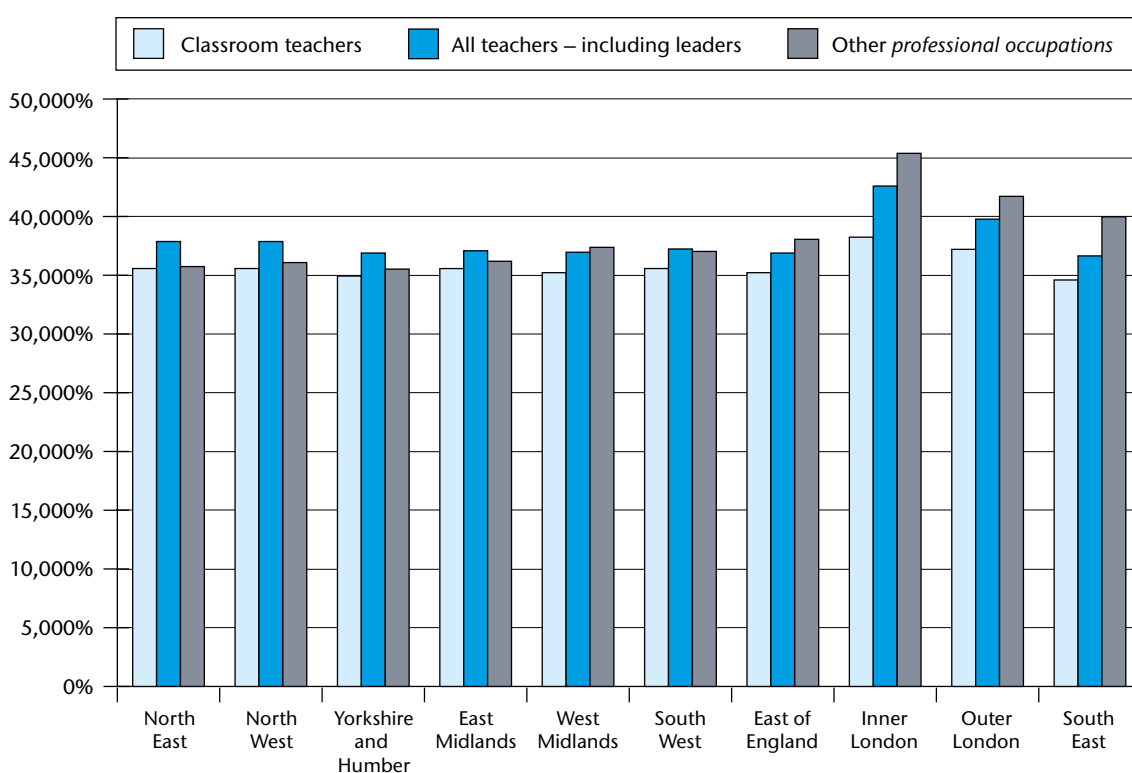


Profession-wide teacher earnings compared to other graduate occupations

3.27 We examined profession-wide teacher earnings and compared them to those working in other *professional occupations* on a regional basis. The teachers' earnings data are drawn from the November 2016 School Workforce Census (SWC) which covers England only. The other *professional occupations* data come from the Office for National Statistics' 2017 Annual Survey of Hours and Earnings (ASHE).

3.28 Figure 7 shows that, in 2016/17, classroom teachers' median earnings trailed the estimated median earnings of other professionals in all regions, most notably in London and the South East. Adding those on the school leadership ranges into the teacher comparator group, median earnings continued to trail those of other professionals in some regions (West Midlands, East of England, London and South East) but exceeded them in others (North East, North West, Yorkshire and the Humber, East Midlands and South West).

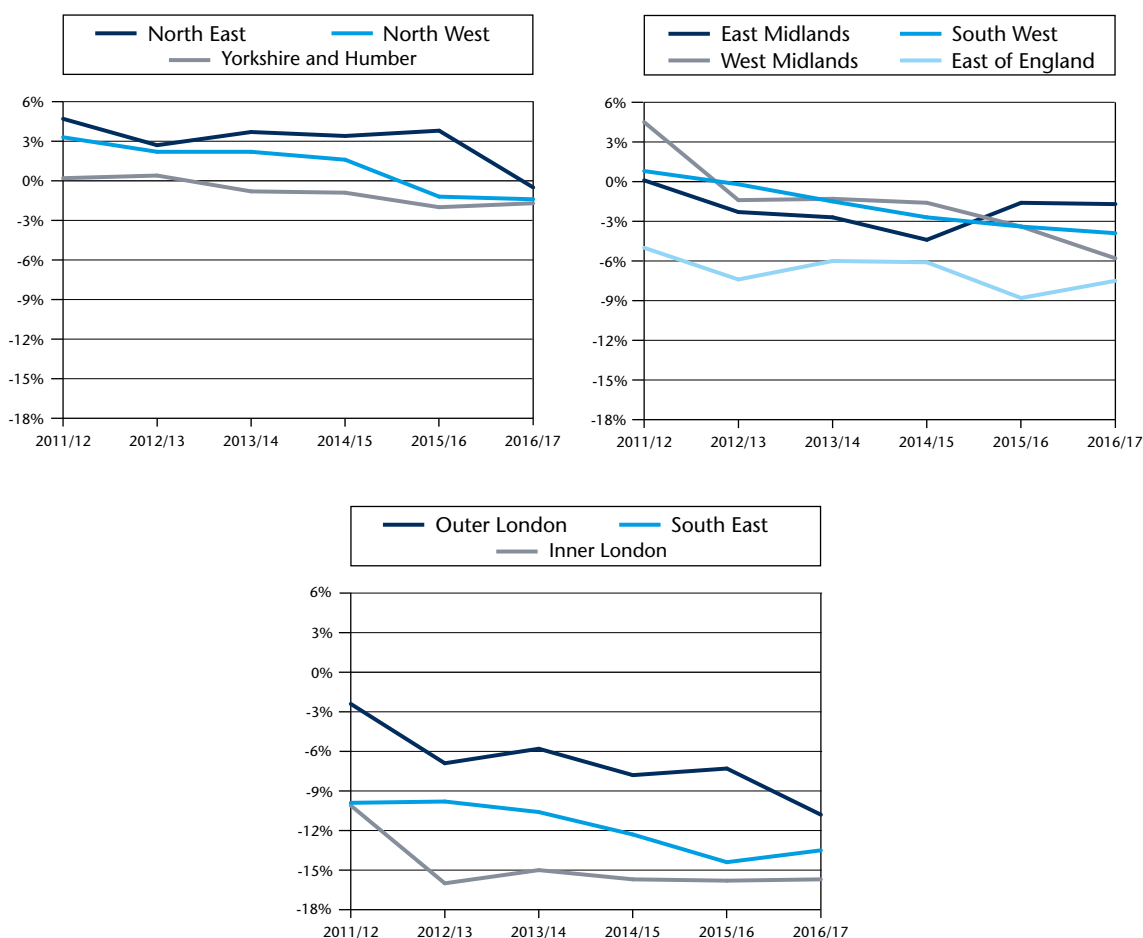
Figure 7
Teachers' median earnings compared to other *professional occupations*, 2016/17¹⁹



3.29 Over recent years, the relative position of classroom teachers' median earnings has deteriorated. At a national level, the estimated gap has exceeded 5% in the last four years, although this varies by region. Figure 8 shows the trend in relative earnings from 2011/12 to 2016/17. All regions have seen a worsening position over the period from 2011/12 to 2016/17. In the last year, large drops were seen in the North East, West Midlands and Outer London. For the first time classroom teachers in the North East had median earnings below that for other *professional occupations*. The gap in London and the South East has been consistently larger than in other regions across the whole period. However, in the last year the gap closed slightly in the South East and the East of England.

¹⁹ OME analysis of Department for Education School Workforce Census and ONS Annual Survey of Hours and Earnings (ASHE) data

Figure 8
Percentage gap in classroom teachers' median earnings compared to median earnings of other professionals²⁰



Position of the teachers' pay framework in the earnings distribution in the wider economy

3.30 In addition to examining changes in teachers' earnings, we have also examined changes in the relative position of key points in the teachers' pay framework against changes in the earnings distribution of the wider economy since 2010. In particular, we have examined the following five key points in the framework²¹:

- Classroom teachers main pay range minimum
- Classroom teachers main pay range maximum
- Classroom teachers upper pay range maximum
- Maximum of head teacher group 1
- Maximum of head teacher group 6

3.31 Taking the minimum of the main pay range (MPR) as an example, in 2010/11, at a value of £21,588, this sat at the 36th percentile of the distribution of earnings in the whole economy and at the 10th percentile when the comparator is based on the earnings of those in *professional occupations* only. Over the period 2010/11 to 2016/17, earnings at

²⁰ OME analysis of Department for Education School Workforce Census and ONS Annual Survey of Hours and Earnings (ASHE) data

²¹ Using values from the England and Wales pay band. Head teacher points were guided by the median earnings of primary and secondary head teachers respectively.

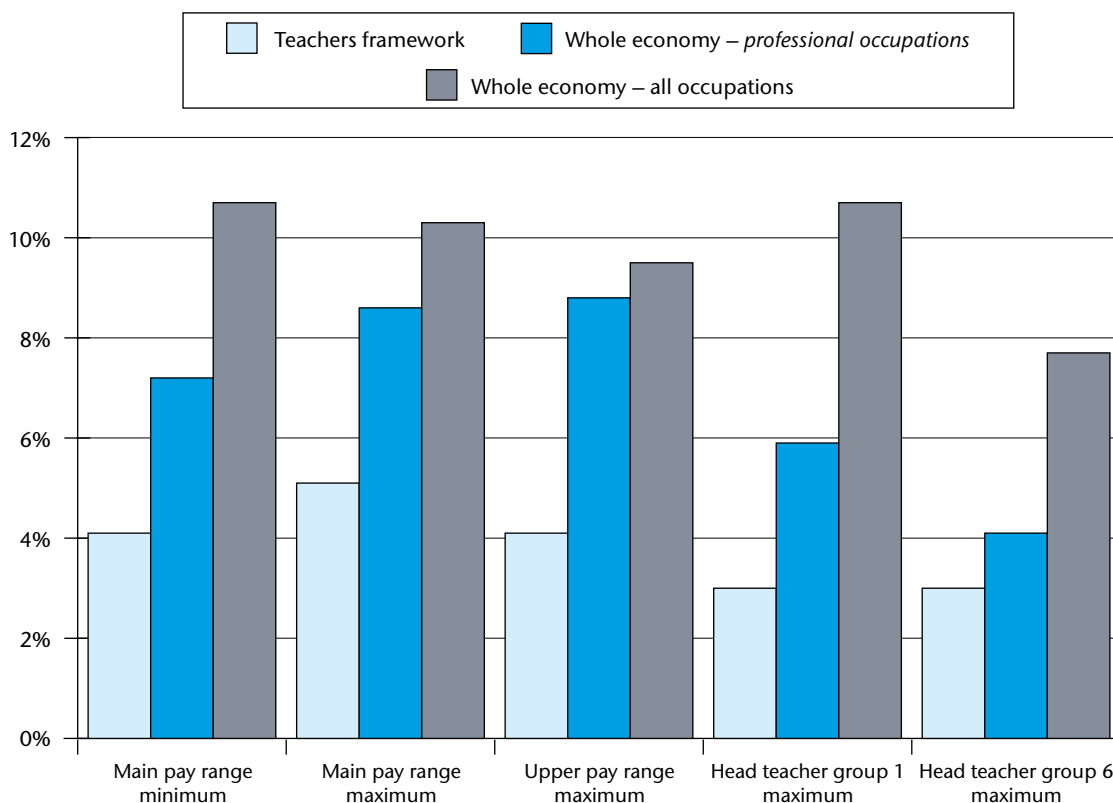
the 36th percentile across the whole economy grew by 11%, while the minimum of the MPR grew by 4%. The corresponding growth associated with the earnings of those in *professional occupations* was 7%. We repeat this analysis across the pay points and our findings are set out in Table 3 and Figure 9 below.

3.32 Overall, we found that, while the value of points in the teachers' pay framework grew by between 3% and 5% over the period, growth in the corresponding points in the whole economy earnings distribution was between 8% and 11%, and between 4% and 9% for the corresponding points in the earnings distribution for those in other *professional occupations*. We note that the *professional occupations* group includes a significantly higher proportion of public sector employment than the wider economy as a whole.

Table 3
Growth in teacher pay framework values compared to growth in corresponding earnings (percentile values) in the wider economy²²

	Teacher framework	Whole economy – professional occupations	Whole economy – all occupations
Main pay range minimum	4%	7%	11%
Main pay range maximum	5%	9%	10%
Upper pay range maximum	4%	9%	10%
Head teacher group 1 maximum	3%	6%	11%
Head teacher group 6 maximum	3%	4%	8%

Figure 9
Growth in teacher pay framework values compared to growth in corresponding earnings (percentile values) in the wider economy



²² OME analysis of STPCD teacher pay ranges and ONS Annual Survey of Hours and Earnings (ASHE) data

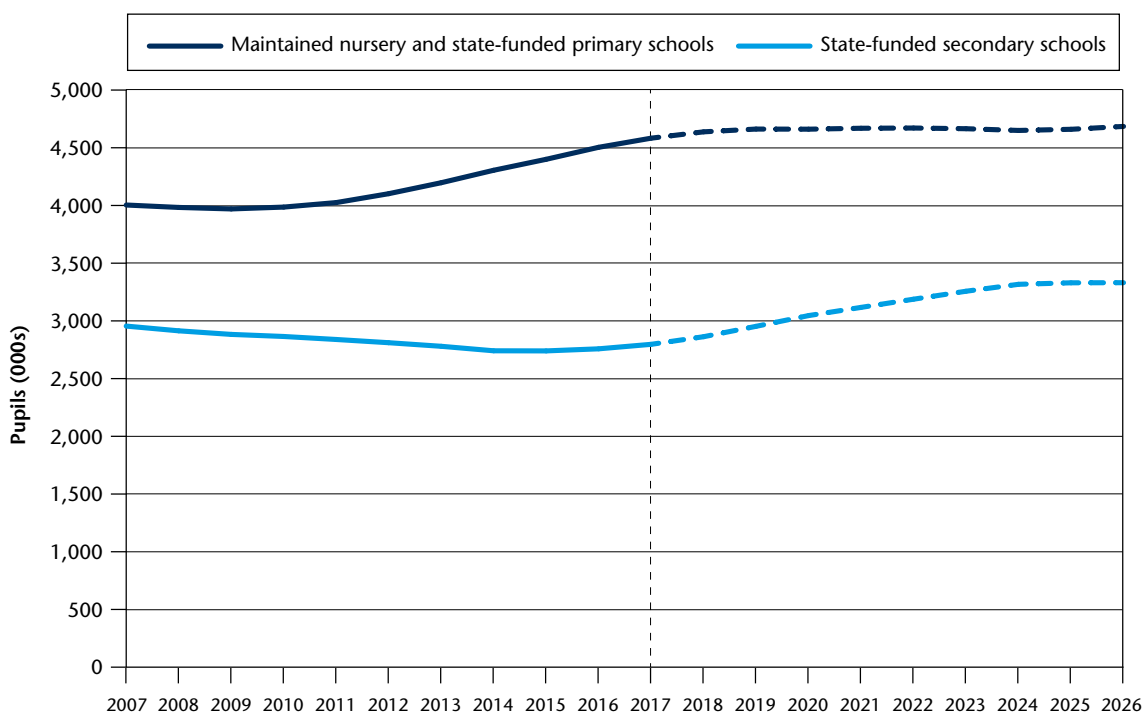
Recruitment and retention

Future demand for teachers

3.33 The Department's latest pupil projections data show that pupil numbers in state-funded schools in England are forecast to increase significantly over the next ten years as shown in Figure 10.

- The overall population in state-funded primary schools was 4,583,000 in 2017 and is projected to be 102,000 higher in 2026 at 4,685,000 (an increase of 2.2%).
- As the recent bulge in primary pupil numbers feeds through into secondary schools, the overall population aged 11-15 is projected to reach a peak of 3,331,000 in 2026, 534,000 higher than it was in 2017 (an increase of 19.1%).

Figure 10
Number of pupils (aged up to age 15) in England (thousands)²³



3.34 In Wales, secondary school pupil numbers are expected to increase by 10.8% from 2017 to 2026 as the large increase in primary numbers seen in preceding years feeds through. Meanwhile, the number of primary pupils will continue to increase until 2019, after which numbers are expected to decline.

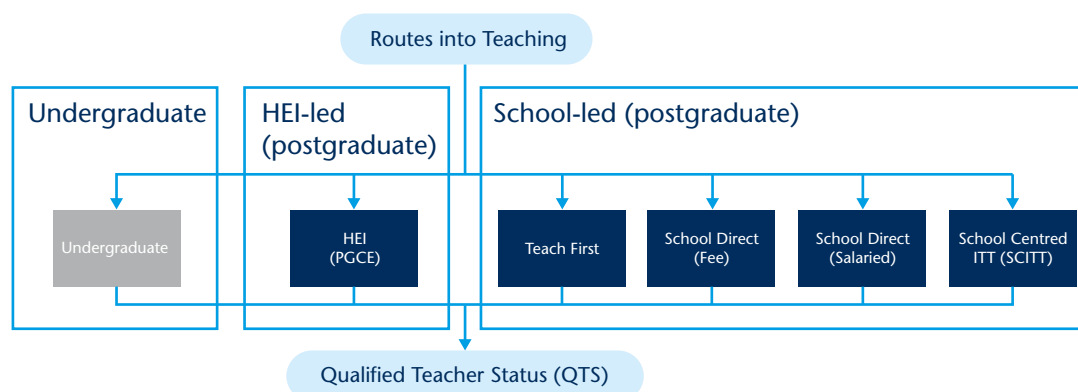
Initial teacher training in England

3.35 Typically, just over half of entrants to the profession are newly qualified teachers (NQTs) (55% in 2016). The remainder are returners to the professions (32% in 2016) or qualified teachers new to the state school sector (13% in 2016)²⁴. To become a qualified teacher in England, trainees typically complete a programme of initial teacher training (ITT). There are a number of pathways into teaching which are set out in Figure 11 below.

²³ Department for Education national pupil projections July 2017.

²⁴ Department for Education school workforce statistics. Qualified teachers new to the state school sector include deferred NQTs (these are teachers who have qualified a year before taking up their first teaching post in a state funded school). It also includes teachers new to the publicly funded sector (these are teachers who take up their first post in a state-funded school two or more years after qualifying). The Department does not collect the reasons why a teacher may defer taking up their first teaching post or where teachers joining the state funded sector come from.

Figure 11
Pathways into teaching



ITT in 2017/18

- 3.36 There were 4,815 new entrants starting an undergraduate ITT programme in 2017/18, representing some 15% of all new ITT students. The vast majority of undergraduate ITT students (some 95% in 2017) are training to be primary school teachers. The Department takes account of undergraduate trainees in its Teacher Supply Model (TSM), but they are excluded from formal ITT targets which focus on postgraduate requirements. This is largely because undergraduate ITT operates on a longer cycle and is more difficult to model.
- 3.37 There were 27,895 new entrants to postgraduate ITT courses in the academic year 2017/18. Of these, 27,720 were actual new entrants and 175 were forecast trainees (those expected to start after the point the Department published these statistics). This was 1,145 more postgraduate new entrants than in the previous academic year (2016/17).

Postgraduate ITT: recruitment against targets

- 3.38 Table 4 shows the number of recruits to postgraduate ITT against the overall postgraduate target numbers specified by the TSM. The total number of recruits has fallen short of the overall target for each of the last six years, although the absolute target numbers have varied from year to year. In the primary sector, the recruitment target was met in 2017/18 and in 2015/16. The secondary sector has not met its recruitment target since 2012/13, and fell to its lowest level (80%) in 2017/18.

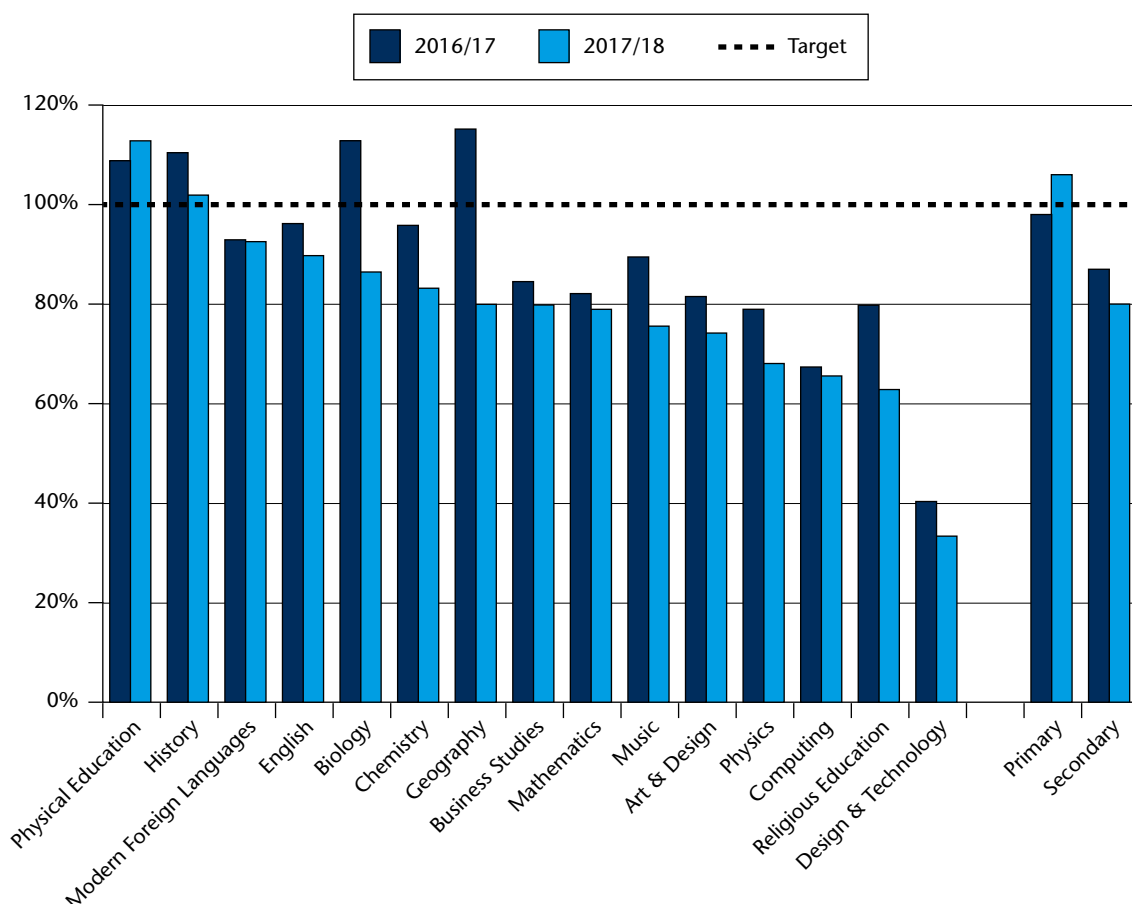
Table 4
Recruitment to postgraduate ITT compared to target, England²⁵

	Primary			Secondary			Total		
	Number recruited	Target	% achieved	Number recruited	Target	% achieved	Number recruited	Target	% achieved
2010/11	11,107	11,770	94.4%	18,343	15,859	115.7%	29,450	27,629	106.6%
2011/12	12,790	13,040	98.1%	15,590	13,807	112.9%	28,380	26,847	105.7%
2012/13	13,874	14,421	96.2%	14,293	13,817	103.4%	28,167	28,238	99.7%
2013/14	14,005	14,130	99.1%	13,050	13,340	97.8%	27,055	27,470	98.5%
2014/15	12,780	14,328	89.2%	12,970	13,866	93.5%	25,755	28,194	91.3%
2015/16	12,580	11,245	111.9%	15,185	18,541	81.9%	27,760	29,787	93.2%
2016/17	11,290	11,489	98.3%	15,460	17,688	87.4%	26,750	29,176	91.7%
2017/18	12,905	12,121	106.5%	14,995	18,726	80.1%	27,895	30,847	90.4%

²⁵ OME analysis of Department for Education ITT data. Figures exclude undergraduate ITT.

3.39 Figure 12 provides more detail on postgraduate ITT recruitment by subject and phase for 2016/17 and 2017/18. Recruitment levels varied across secondary subjects, but the target was not met for any subject in 2017/18 except for physical education and history. The subjects with low recruitment included maths (79%), physics (68%), computing (66%) and design and technology (34%). All subjects saw a fall in recruitment levels against targets compared to the previous academic year, except for physical education.

Figure 12
Postgraduate ITT entrants compared to target, by subject/phase, England²⁶



ITT recruitment 2018

3.40 The TSM for 2018/19 requires some 1,400 more postgraduate ITT trainees than in 2017/18. There is an increased requirement of 431 primary places (a 4% increase) and 948 secondary places (a 5% increase), but the latter is not a uniform growth across all subjects.

3.41 ITT applications for 2018/19 are ongoing. However, we have been able to compare progress in this year's ITT applications in England and Wales to equivalent points in last year's round. Table 6 shows cumulative Universities and Colleges Admissions Service (UCAS) application figures for the current round compared to the same point in the 2017 round. As at 26th April 2018, the UCAS initial teacher training application figures were approximately 16%, or some 5,000, lower than in April 2017.

²⁶ OME analysis of Department for Education ITT data.

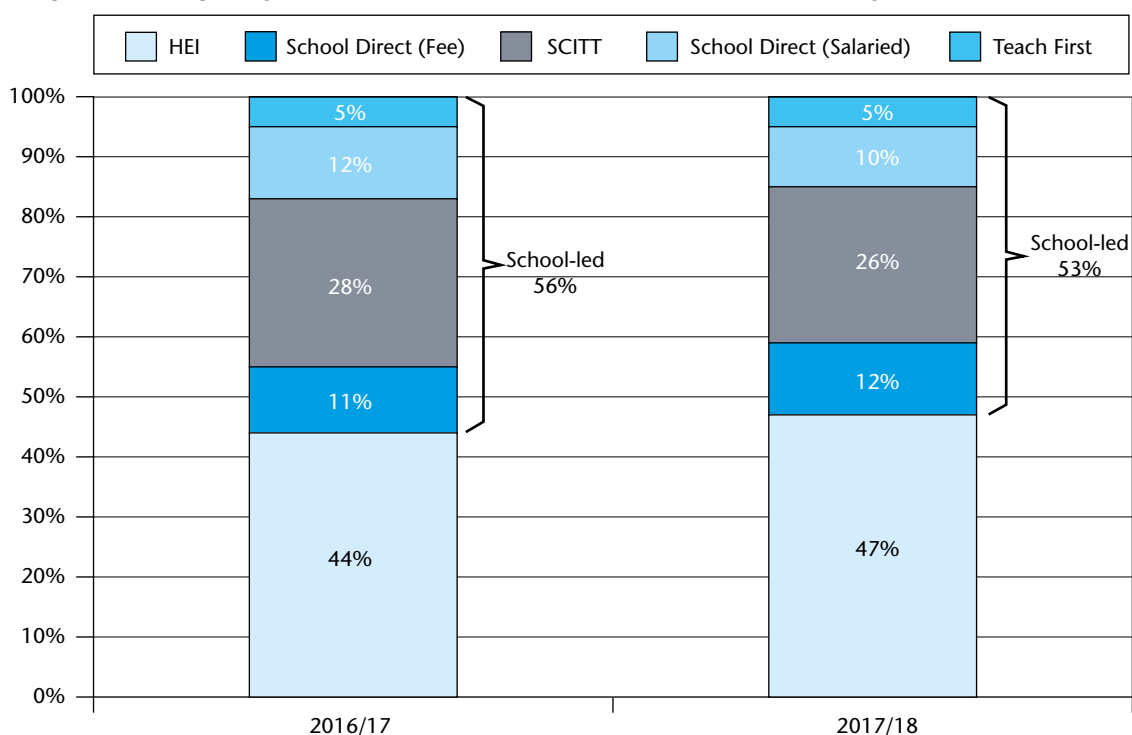
Table 5
Recruitment to postgraduate ITT, England and Wales 2018²⁷

Month in the recruitment round	No. Applicants 2018	No. Applicants 2017	Shortfall on 2017	% change (2017-2018)
Jan	15,210	21,520	6,310	-29.7%
Feb	19,960	26,090	6,130	-23.5%
March	23,690	29,130	5,440	-18.7%
April	26,910	31,870	4,960	-15.6%

Postgraduate entrants 2017/18: routes taken and recruit characteristics

3.42 Figure 13 shows the proportion of postgraduate new entrants in each ITT route in 2017/18. There were 53% on school-led routes (12% SCITT, 5% Teach First and 36% School Direct) and 47% on university-led training. Compared to the previous academic year, there was a decrease in the proportion of new entrants to school-led routes (from 56% to 53%).

Figure 13
Proportion of postgraduate new entrants in each ITT route, England²⁸



3.43 Males comprised 20% of recruits to primary ITT and 40% to secondary (unchanged since last year). Within secondary ITT, the gender split varied considerably by subject with male recruits comprising the majority in a number of subjects: computing (70%), physics (66%), physical education (56%), music (54%) and business studies (51%). The lowest percentages of male recruits were in art and design (16%), design and technology (19%) and modern foreign language (22%). 16% of new recruits were of black, Asian and minority ethnic (BAME) origin in 2017/18, the highest percentage in the last five years.

3.44 In 2017/18, 74% of new entrants on postgraduate programmes held a first class or 2:1 degree. This is the same percentage as in the 2016/17 academic year. 19% of new postgraduate entrants to ITT had first class degrees in 2017/18, compared to 18% in 2016/17.

²⁷ OME analysis of UCAS ITT data.

²⁸ OME analysis of Department for Education ITT data.

ITT outcomes

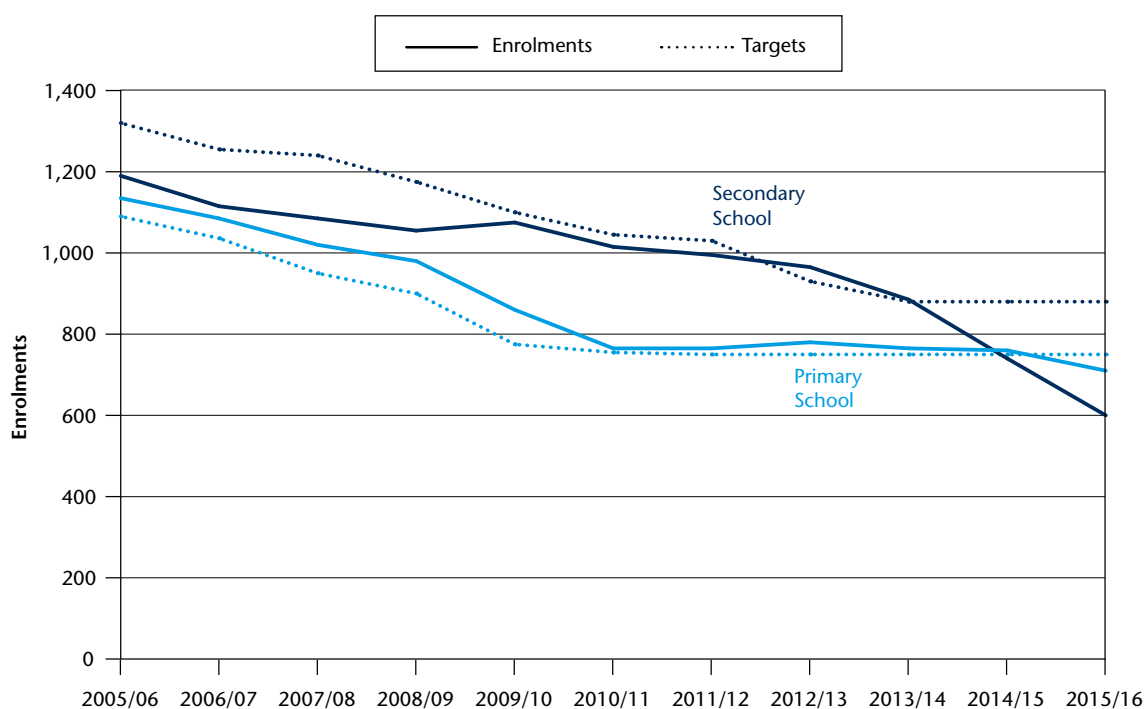
3.45 In 2015/16 (the latest year for which data is available), 91% of trainees commencing postgraduate ITT went on to achieve qualified teacher status (QTS). This is similar to the previous two academic years. The percentage that were awarded QTS and were then in a teaching post six months after qualification was 86%. This is unchanged from the previous two years.

Initial teacher education in Wales

3.46 The Welsh Government publishes statistics about students training to become teachers on courses of initial teacher education (ITE) that lead to QTS. There are employment based routes in Wales, but these remain relatively small (around 5% of overall places leading to QTS in Wales).

3.47 Figure 14 shows the number of first year students on ITE courses in Wales against the target set. Between 2005/06 and 2013/14, the Welsh Government aimed to reduce the number of people taking ITE courses to better match the needs of schools in Wales. Since 2013/14, the targets have remained relatively constant. Intake for secondary school trainee teachers missed the target by a third in 2015/16 (most recent year available). Intake for primary schools was slightly below the target for the first time since 2005/06.

Figure 14
First year students on Initial Teacher Education (ITE) courses in Wales²⁹



Teacher vacancies in England³⁰

3.48 The published headline vacancy rate³¹ across all state-funded schools in England in November 2016 was 0.3%. In absolute terms, the 2016 headline rate equated to 920 full-time vacancies and a further 3,280 full-time posts being temporarily filled by a teacher or leader on a contract of at least one term, but less than one year.

²⁹ Welsh Government ITE data. Figures include undergraduate and postgraduate entrants.

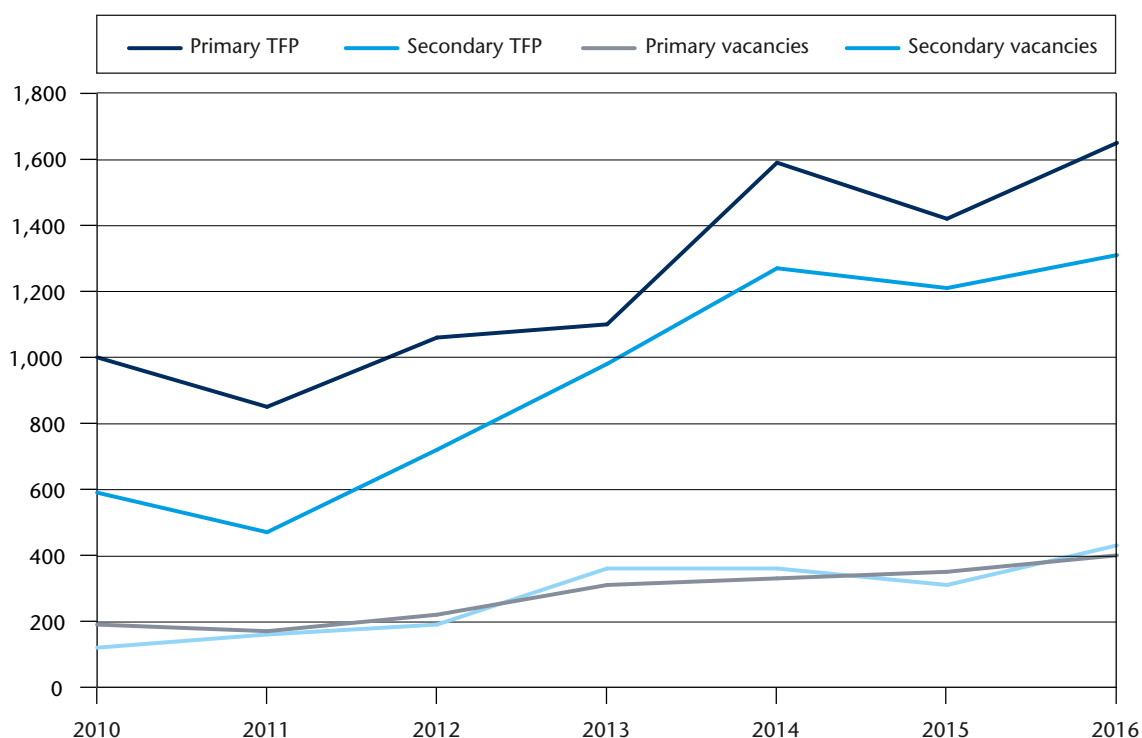
³⁰ OME analysis of Department for Education vacancy data.

³¹ Advertised vacancies for full-time permanent appointments (or appointments of at least one term's duration).

3.49 The headline rates for head teachers and deputy/assistant heads were 0.2% and 0.3% respectively. The number of recorded leadership vacancies has increased over recent years with the number of head teacher vacancies having doubled since 2011. We note here new analysis from the Department suggesting some decline in recent years in the retention rates of headteachers with, for example, the retention rate for primary heads after three years falling from 84% to 81% and the rate for secondary heads falling from 77% to 69%³².

3.50 Over the last 5 years the number of vacancies and temporarily filled posts has increased markedly. In 2016, there were more than double the number of vacancies and temporarily filled posts than there were in 2011. Compared to the previous year (2015), there have been increases of 26% in vacancies and 14% in temporarily filled posts.

Figure 15
Full-time vacancies and temporarily filled posts, England 2011-2016³³

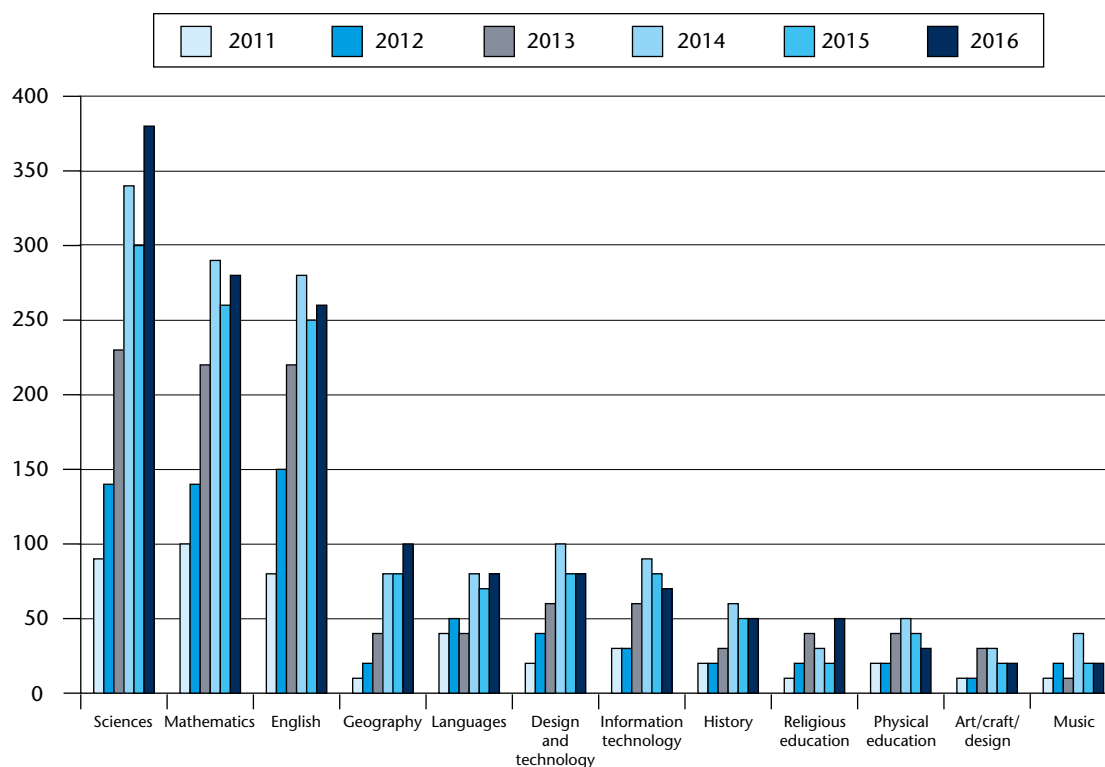


3.51 Using the broader definition of vacancies plus temporarily filled posts, the secondary subjects with the highest numbers of vacancies in November 2016 were sciences, maths and English. As Figure 16 shows, the number of vacancies and temporarily filled posts has increased across a broad range of subjects in recent years.

³² Department for Education (2018) *School leadership in England 2010 to 2016: characteristics and trends* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/699292/Leadership_Analysis_2018_v0.88_Final.pdf. For the purposes of this analysis, 'retention' is defined as the proportion of teachers who were employed in subsequent years in a role of the same or higher level and in the same phase, as recorded by the School Workforce Census.

³³ OME analysis of Department for Education school workforce data.

Figure 16
Vacancies and temporarily filled posts, England 2011-2016³⁴



3.52 As noted previously, the official aggregate vacancy rates should be treated with caution as they can mask a number of issues, including:

- The number of vacancies across the academic year, rather than a simple November snapshot.
- Whether a school has recruited teachers with an appropriate range of experience and of the required quality.
- The availability of sufficient suitably qualified, specialist subject teachers.
- Localised variation in vacancies.

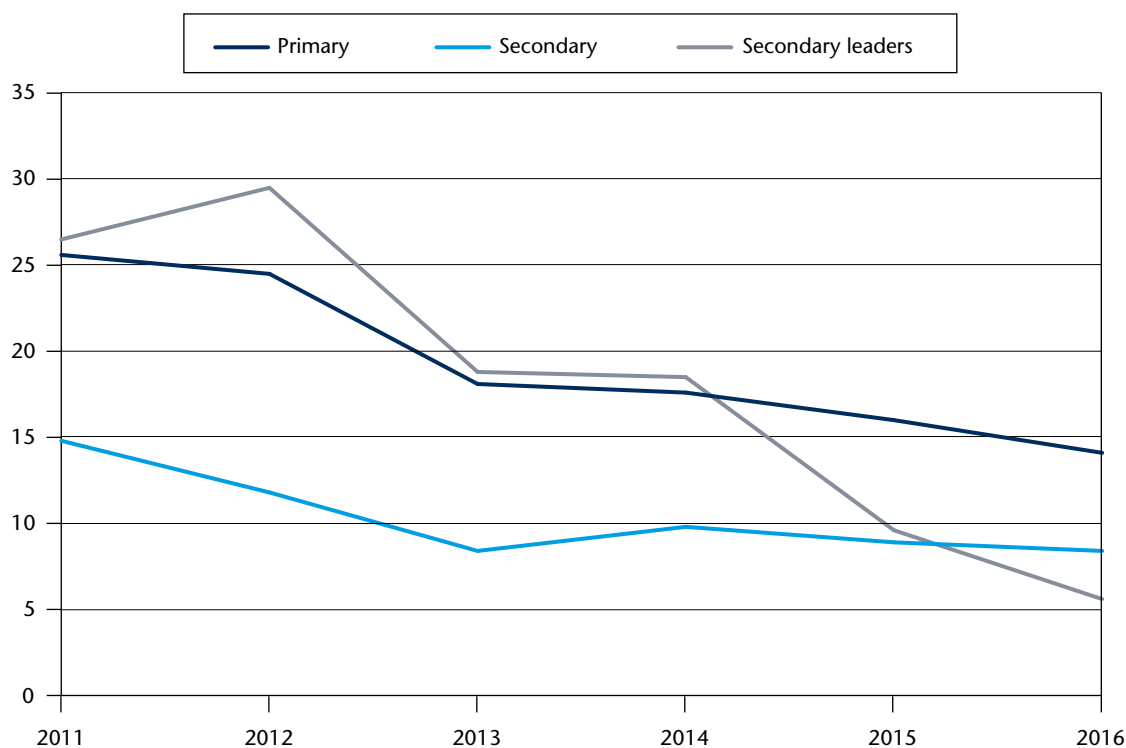
Teacher vacancies in Wales

3.53 The latest published statistics for advertised vacancies in Wales show that in the calendar year 2016, 782 teacher vacancies were advertised for primary schools (795 in 2015) with an average of 14 applications received per post. The secondary sector saw 881 advertised vacancies (830 in 2015) with an average of eight applications per post.

3.54 Figure 17 examines the Welsh school workforce data to analyse recent trends in the number of applications per vacancy. It shows there has been a decrease over the past five years in the average number of applicants per post across both the primary and secondary sectors. There was considerable variation between Welsh- and English-medium posts and subjects in 2016, ranging from four applicants per post for Welsh-medium posts to 15 applicants for physical education posts.

³⁴ OME analysis of Department for Education school workforce data. Full-time classroom teacher vacancies and temporarily filled posts.

Figure 17
Average number of applicants per vacancy, Wales 2011-2016³⁵



3.55 In 2016, the proportion of classroom teacher posts advertised where no appointment was made was 7% in primary schools and 6% in secondary schools. Over the last four years, there has been a large increase in failures to appoint to leadership posts in secondary schools with over 25% of posts remaining unfilled in 2016.

Teacher retention – England

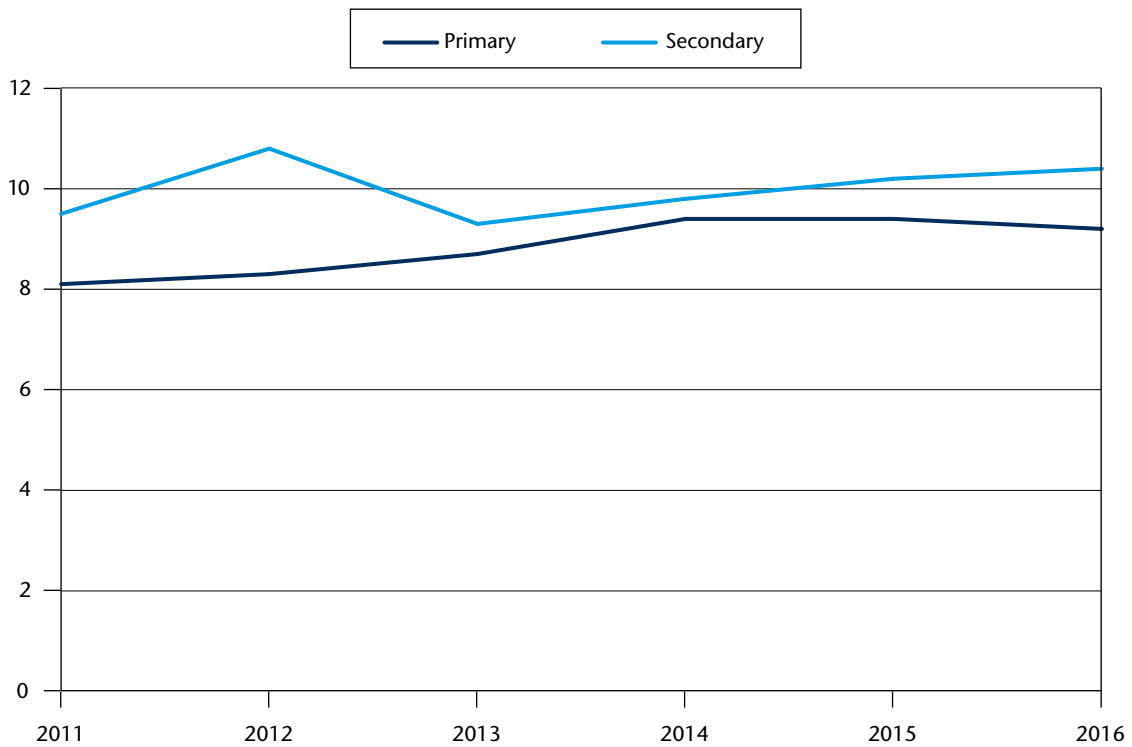
3.56 The annual rate of qualified teachers leaving the profession (the ‘wastage rate’) decreased from 10.0% to 9.9% in November 2016 (from 43,370 full-time equivalent teachers in November 2015 to 42,830 in November 2016).

- The rates for secondary schools remained higher than for primary schools with wastage rates of 10.4% and 9.2% respectively for 2016. Although the overall rate decreased, the rate for secondary schools increased from 10.2% in 2015³⁶.
- The rate for males (10.5%) was similar to that for females (10.6%).
- The rate is consistently higher for part-time teachers (13.2%) than for full-time teachers (9.3%).

³⁵ OME analysis of Welsh Government School Census data.

³⁶ Figures for leavers in the years 2010 to 2015 may not match to previously published data due to revisions made following the receipt of updated information from the database of teacher records.

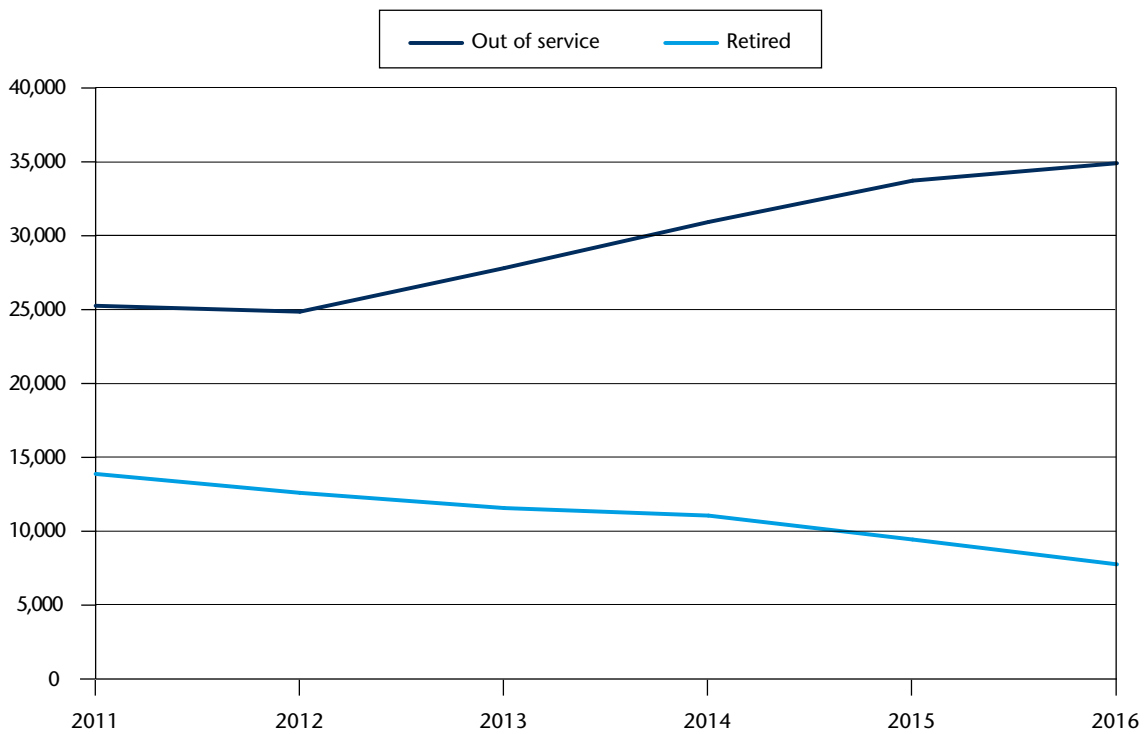
Figure 18
Wastage rates (%), England 2011-2016³⁷



3.57 The headline figures include both resignations ('out of service') and retirements, and these are presented separately in Figure 19 below. There has been a divergence between the two since 2011 with a 38% increase in resignations but a 44% decrease in retirements.

³⁷ OME analysis of Department for Education school workforce data.

Figure 19
Change in resignations ('out of service') and retirements, England 2011-2016³⁸

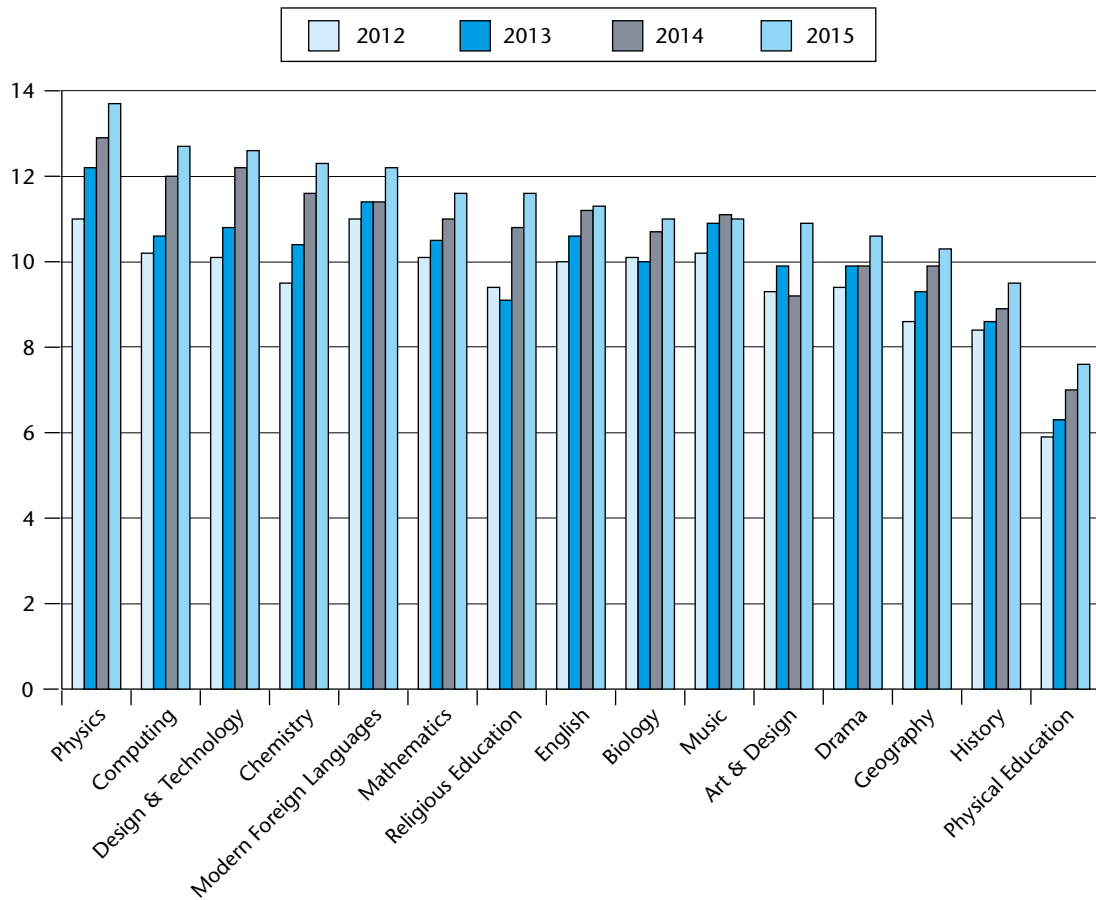


3.58 Figure 20 below examines wastage rates by secondary subject³⁹ and shows there have been increases in the wastage rates across the range of subjects over the period 2012 to 2015. Wastage rates in 2015 varied across subjects, from 13.7% for physics to 7.6% for physical education. More detailed analysis of these figures shows that, within the headline wastage rates, the sciences have the highest rates for resignations ('out of service') and humanities and physical education have the lowest rates.

³⁸ OME analysis of Department for Education school workforce data.

³⁹ Latest data are for 2015.

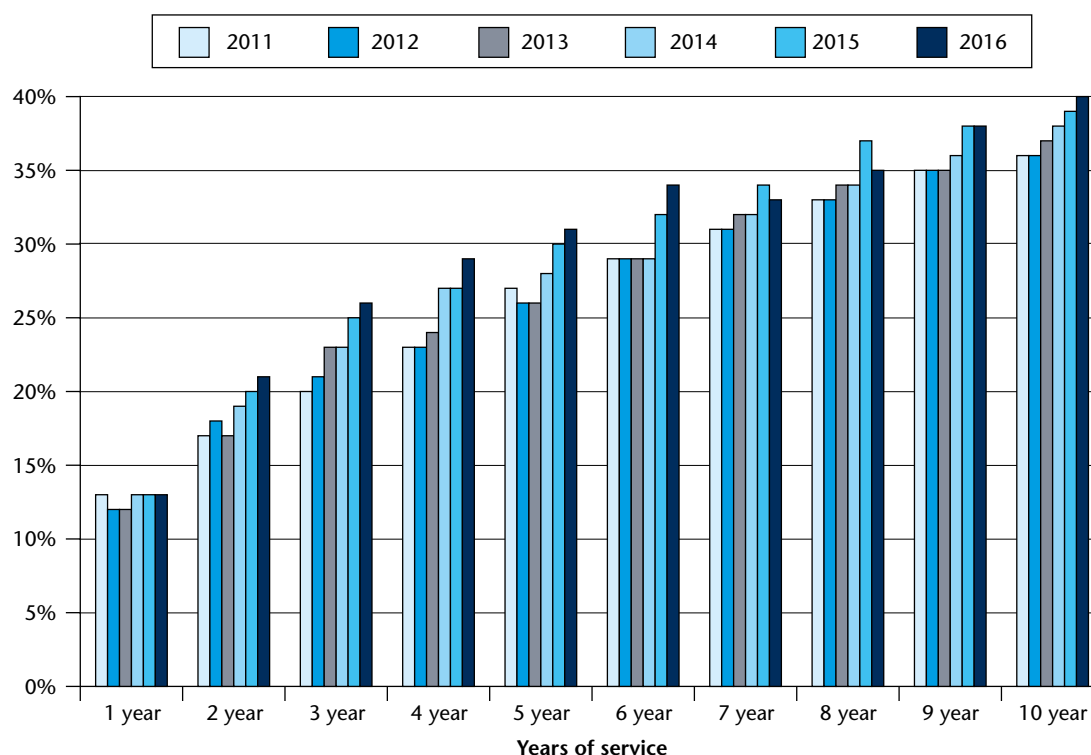
Figure 20
Wastage rates (%) for secondary subjects, England 2012-2015⁴⁰



3.59 Figure 21 below shows the percentage of teachers leaving regular service within a given number of years' service. It shows that there has been a continuous increase in the percentage of teachers leaving in the early years of their careers. Between 2011 and 2016, the percentage of teachers leaving within three years' service increased from 20% to 26%, while the percentage leaving within their first five years increased from 27% to 31% over the same period.

⁴⁰ OME analysis of Department for Education school workforce data

Figure 21
Percentage of teachers leaving regular service in the state-funded school sector in England within a given number of years' service⁴¹



Teacher labour market summary

3.60 Our analysis has covered a range of data relating to the earnings, recruitment and retention of the teacher workforce. Our main findings were:

- Data from major graduate recruiters suggest a continuing significant gap between teachers' minimum starting salaries and median starting pay in other professions. Our detailed analysis of HESA data shows that teachers' starting pay was lower than that of other *professional occupations* in all regions except Inner London and Yorkshire and the Humber.
- Our analysis of earnings across the profession suggest that classroom teachers' median earnings have deteriorated over recent years compared to other *professional occupations* in all regions.
- The value of key points in the teachers' pay framework have deteriorated markedly in relation to the earnings distribution of those in other *professional occupations* across the wider economy.
- On pay progression, our analysis showed that expected earnings of teachers three and five years after graduation fell below the median earnings of graduates in a significant number of subject areas.
- Demand, as measured by pupil numbers, will increase over coming years, and very substantially in the secondary sector.

⁴¹ OME analysis of Department for Education school workforce data.

- The ITT target for secondary teachers in England has not been met for five consecutive years and was 20% below target in 2017/18. Initial recruitment for a number of secondary subjects has been persistently below target. For 2018/19, the number of applicants in April 2018 was 16% below the corresponding figure in 2017, while the target numbers have increased.
- The number of vacancies recorded by the Department has increased markedly over the last five years. Vacancies increased by 26% in 2016 compared to 2015.
- While the overall leavers' rate was stable in 2017, the number of resignations continues to increase and there continues to be a persistent increase in the rate of teachers leaving in their early years.
- The latest data show that the rate of leavers from secondary schools continues to increase. Wastage is high in a number of secondary subjects, which also fail to meet ITT targets.

School finances

National funding context

- 3.61 Our 27th report highlighted Institute for Fiscal Studies (IFS) analysis⁴² showing that, over the course of the 1980s and 1990s, there was relatively modest year-on-year growth in primary and secondary school spending per pupil, with some real-terms falls in secondary spending seen in the mid-1990s. From 1999 onwards, in contrast, spending per pupil grew rapidly, with growth of around 5% per year in real terms for primary and secondary schools over the 2000s. School spending was then protected in real terms in the period from 2010; this period also saw the introduction of the pupil premium as a separate funding stream. Overall, IFS found that per-pupil spending almost doubled in real terms between 1997-98 and 2015-16.
- 3.62 At the time of our 27th report, the overall schools budget to 2019-20 was projected to increase broadly in line with forecast inflation. However, as pupil numbers were forecast to rise, the amount per pupil received by schools was expected to fall by some 6.5% in real terms⁴³.
- 3.63 In July 2017, the Government announced an additional £1.3 billion for schools across the next two years, over and above the budget set at the spending review in 2015. It said that this further funding would support the introduction of the National Funding Formula (NFF) in 2018-19 and 2019-20. The IFS calculated that this will mean that per-pupil funding levels will remain flat in real terms over this period⁴⁴.
- 3.64 As a result of this investment, the Government said that core funding for schools and high needs would rise from almost £41.0 billion in 2017-18 to £42.4 billion in 2018-19 and to £43.5 billion in 2019-20. It said that this increase would maintain the schools and high needs blocks of the dedicated schools grant (DSG) in real terms per pupil up to 2019-20. The Government said that spending plans beyond 2019-20 would be set out in a future spending review⁴⁵.

⁴² Institute for Fiscal Studies (2017) *Long-run comparisons of spending per pupil across different stages of education* – <https://www.ifs.org.uk/uploads/publications/comms/R126.pdf>

⁴³ IFS forecast based on 2016 Treasury deflators.

⁴⁴ <https://www.ifs.org.uk/publications/9818>

⁴⁵ Department for Education (2017) *The national funding formula for schools and high needs: Executive summary* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648533/national_funding_formula_for_schools_and_high_needs-Exec_summary.pdf

- 3.65 In its written submissions to the STRB⁴⁶, the Department provided estimates of the pressures schools will face on their budgets over the next two years. It suggested that pressures arising outside of teachers' pay (non-pay inflation and the effect of increases in the National Living Wage and National Minimum Wage) would amount to 0.3% and 0.4% in 2018-19 and 2019-20 respectively. It said that overall, costs could rise a further 2.2% and 1.4% in 2018-19 and 2019-20 respectively before schools would face real-terms pressures. It stated that these figures represented a "theoretical upper bound" for teacher and support staff pay increases, above which school budgets would be pressured in real terms. We note that these are percentages of schools' entire budgets and, on average, about half of schools' expenditure is on teachers' salaries⁴⁷.
- 3.66 The Department provides separate funding for pupils aged 16 to 19. Substantial reforms have been made to the 16-19 education funding system since 2010, including the introduction of a new funding formula from 2013-14. Total expenditure on 16-19 education fell from £6.39 billion in 2010-11 to £5.79 billion in 2016-17, a reduction of 9.3% in cash terms and 17.5% in real terms. The expenditure on school sixth forms (both maintained schools and academies) fell by 11.6% in cash terms over the period, or 19.6% in real terms⁴⁸.
- 3.67 In Wales, local authorities are responsible for school funding, through devolution of education to the Welsh Government. Gross schools' expenditure is budgeted to be £2.543 billion in 2017-18. Gross schools' expenditure per pupil is budgeted to be £5,628, a year-on-year increase of 1.0% or £58. Of this, £4,740 per pupil is delegated to schools and £888 per pupil retained for centrally funded school services. The Welsh local government settlement for 2018-19 includes £62 million of additional funding to maintain the assumed Welsh Government share of core spending on schools.

School-level finances

- 3.68 The introduction of the NFF from 2018-19 has the potential to affect school-level funding. The Department states that the formula will provide for a maximum of 6.1% increases in per-pupil funding by 2019-20. As a minimum, the NFF allocation for all schools would include a 0.5% per-pupil cash increase for both 2018-19 and 2019-20. The 'hard' rollout of NFF, after which the formula will directly determine school funding, is not expected to take place until at least 2020-21. Until then, local authorities will continue to be able to reallocate funding to schools in their areas.
- 3.69 Over the past three years, there has been an increase in the proportion of local authority maintained primary and secondary schools in England reporting negative financial reserves. The Department's data suggest increasing numbers of schools falling into this category over the past three years. Between 2015-16 and 2016-17, the proportion of maintained primary schools in deficit increased from 4.5% to 7.5%. The corresponding figures for maintained secondary schools were 17.8% and 26.3%.
- 3.70 Across all phases of maintained school, there is a pattern of decreasing average cumulative surpluses (for schools in surplus) and increasing deficits (for schools in deficit). The average surplus and average deficit were very similar in 2016-17 at around £130,000, while the total revenue balance across all local authority maintained schools was £1.7 billion, a decrease of £384.8 million since 2015-16. Looking at within-year

⁴⁶ Department for Education (2018) *Government evidence to the STRB: The 2018 pay award* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/678064/STRB_2018_pay_award_-_government_evidence.pdf

⁴⁷ The Department estimated that, for 2017-18, 52% of schools budgets would be spent on teaching staff related expenditure, as set out in Department for Education (2018) *Schools' costs: 2018-19 to 2019-20* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/678439/Schools_costs_technical_note.pdf

⁴⁸ House of Commons Library (2018) *Briefing paper 7019: 16-19 education funding in England since 2010* – <http://researchbriefings.files.parliament.uk/documents/SN07019/SN07019.pdf>

finances, 61% of maintained primary schools and 68% of maintained secondary schools spent more than their income in 2016-17⁴⁹.

- 3.71 In Wales, some 82% of schools held positive financial reserves at 31 March 2017. The overall level of reserves held by schools in Wales was £46 million, or 2.1% of total delegated schools' expenditure. The overall level of financial reserves held by schools in Wales decreased by around 28% (from £64m to £46m) between March 2016 and March 2017. The proportion of schools with negative reserves has increased in the past four years (from 10.8% in 2013 to 17.9% in 2016) and, over a longer period, there has been a decrease in schools carrying reserves worth more than 10% of their delegated annual expenditure⁵⁰.

⁴⁹ Education Policy Institute (2018) *School funding pressures in England* – https://epi.org.uk/wp-content/uploads/2018/03/Schools-funding-pressure_EPI.pdf

⁵⁰ Welsh Government (2017) *Reserves Held by Schools in Wales at 31 March 2017* – <http://gov.wales/docs/statistics/2017/171019-reserves-held-schools-31-march-2017-en.pdf>

CHAPTER 4

Our conclusions and recommendations

4.1 This chapter sets out the STRB's conclusions on the current remit. It first provides our views on the main factors that we have considered, including the position of teachers in the graduate labour market, trends in recruitment and retention, and career progression and school leadership. It then sets out our recommendations to the Prime Minister and Secretary of State.

Pay review for 2018

4.2 In December 2017, the then Secretary of State wrote to ask us to make recommendations on *"an assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention."* When determining our recommendations, we have taken account of the specific considerations raised in the remit letter (at Appendix A):

- The Government's policy for public sector pay awards in 2018-19;
- The national state of teacher and school leader supply;
- Affordability and the need to offer value for money;
- The wider state of the labour market in England and Wales;
- Forecast changes in the pupil population and consequent changes in the demand for teachers; and,
- The Government's commitment to increasing autonomy for schools on pay matters.

4.3 Chapter 1 of this report set out the background and context to this remit. We described the current system for teachers' pay and conditions, noting that the role of the STRB in its recent remits has been to make recommendations for changes to national pay and allowance ranges to support the recruitment and retention of teachers and school leaders. Within this overall framework, it is for school leaders and governing bodies to set their schools' pay policies, taking into account their local circumstances.

4.4 Our consideration of the current remit took place in the context of a change to the Government's public sector pay policy. In September 2017, the Chief Secretary to the Treasury announced that the Government had changed its policy that public sector pay awards should average no more than 1%. Instead, the Government recognised a need for more flexibility in some parts of the public sector, particularly in areas of skill shortage. The Government emphasised that there would still be a need for pay discipline to ensure that public services remained affordable and sustainable.

4.5 In reaching our conclusions, we have considered carefully the written and oral representations made by our consultees (set out in Chapter 2) and the relevant data on the teacher labour market and the wider economy (Chapter 3). We also took account of the evidence we obtained by speaking to teachers, school leaders and local authority officials during our 2017 school visit programme. We considered a number of reports presenting research findings and analyses relevant to our remit, which are cited throughout this report.

The teacher labour market

Teachers in the graduate labour market

- 4.6 In our reports in recent years, the STRB has expressed concern about the position of teachers in the graduate labour market. Teaching is a graduate profession and, in order to maintain teacher supply, a sufficient number of good graduates must be attracted to join the profession each year and to make it their career. In last year's report, we observed that demand in the graduate labour market had continued to increase and that teachers' pay had continued to lag behind the average for other graduate professions.
- 4.7 In Chapter 3, we considered this year's evidence on the graduate labour market and the wider economy. In particular, we observed that:
- Starting pay for teachers remains low in relation to other graduate professions. The data from High Fliers and the Institute of Student Employers (ISE), which focus on major graduate recruiters, indicate that median starting pay for graduates was significantly higher than the starting salary that could be expected by most new teachers in all areas of England and Wales. (Chapter 3 – Paragraphs 3.15 to 3.17 and Table 2)
 - The latest data from the Higher Education Statistics Authority (HESA) indicate that the median starting salaries in 2016 for graduates entering other *professional occupations*¹ were higher than starting pay for teachers in almost all regions of England and Wales. This gap between starting earnings for teachers and those of graduates entering other *professional occupations* has persisted over a number of years. (Chapter 3 – Paragraphs 3.18 to 3.21 and Figures 3a, 3b and 4)
 - Our analysis shows that the expected earnings of teachers three and five years after joining the profession fell below the median earnings of graduates in a significant number of subject areas: medicine, veterinary science, economics, engineering, architecture and mathematical sciences. (Chapter 3 – Paragraph 3.25 and Figures 6a and 6b)
 - In terms of profession-wide earnings, our analysis of data from the 2017 Annual Survey of Hours and Earnings (ASHE) shows that classroom teachers' median pay was lower than that of those in other *professional occupations* in all regions of England. Moreover, the position of classroom teachers' median earnings relative to that of other *professional occupations* deteriorated in all regions between 2011/12 and 2016/17. (Chapter 3 – Paragraphs 3.27 to 3.29 and Figures 7 and 8)
 - The relative value of key points in the teachers' pay framework have deteriorated markedly in comparison to the earnings of those in other *professional occupations* across the wider economy. The value of these points in the teachers' pay framework grew by between 3% and 5% from 2010/11 to 2016/17, while the corresponding points in the distribution of earnings across the whole economy grew by between 8% and 11%, and by between 4% and 9% when comparing against the earnings of those in other professional occupations. (Chapter 3 – Paragraphs 3.30 to 3.32, Table 3 and Figure 9)
- 4.8 We conclude that the overall position of teaching in the graduate labour market has deteriorated since our last report. This exacerbates the challenges faced in attracting good graduates to become teachers and retaining teachers in the profession.

¹ As described by the Standard Occupational Classification (SOC). The SOC 2010 states that most occupations in this major group will require a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training. The 'other *professional occupations*' used in this analysis comparator group excludes teachers.

Recruitment and retention

- 4.9 This year, many of our consultees characterised the state of teacher supply as being in crisis and argued that the situation had deteriorated since last year. We heard that schools were facing severe and on-going pressures in relation to both recruitment and retention of teachers. Most consultees told us that not enough graduates were being attracted to join the profession and noted worrying trends in failing to meet national targets for ITT. Strong concern was also expressed about teacher retention, with several consultees arguing that trends in teacher wastage were having a significant negative impact on the profession. A contrasting picture was presented in the representations we received from our Government consultees. The Department told us that it considered that enough teachers were being recruited nationally and that retention rates had remained broadly similar for the last 20 years. The Welsh Government told us that the teacher supply situation in Wales had not changed significantly in recent years and that it saw no particular difficulties in recruiting and retaining the required number of teachers and school leaders.
- 4.10 In Chapter 3, we presented our analyses of the evidence available about trends in teacher recruitment and retention. In particular, we observed the following points about the teacher supply situation in England:
- The overall target for recruitment to postgraduate ITT² was missed in 2017/18. This was the sixth successive year in which the target had not been met. (Chapter 3 – Paragraph 3.38 and Table 4)
 - For secondary phase teachers, 80.1% of the target number for ITT were recruited in 2017/18. Targets for secondary recruitment have not been met since 2012/13 and performance against these targets has deteriorated over this period. (Chapter 3 – Paragraph 3.38 and Table 4)
 - UCAS data also provided early indications of recruitment challenges for 2018/19. The target for ITT recruitment this year is around 4.5% higher than in 2017/18. However, as of April 2018, the overall number of people who had applied for postgraduate ITT programmes in England and Wales was 16% lower than the corresponding figure in 2017. (Chapter 3 – Paragraph 3.40 and 3.41 and Table 5)
 - Research by High Fliers³ focusing on the UK top 100 graduate employers found that the number of graduates hired in 2017 was 4.9% lower than the previous year. While it may have been expected that this would make more graduates consider teaching as a career, this does not appear to have resulted in an increase in applications. (Chapter 3 – Paragraph 3.13)
 - The number of vacancies and temporarily filled posts recorded by the Department has increased markedly over the last five years. Between 2015 and 2016, vacancies increased by 26% and temporarily filled posts increased by 14%. (Chapter 3 – Paragraph 3.50 and Figure 15)
 - The teacher wastage rate remained stable between 2015 and 2016 (decreasing slightly from 10.0% to 9.9%). Wastage rates for primary teachers fell slightly over this period, but the rate for teachers in secondary schools increased. Within the overall wastage rate, there has been a consistent trend over a number of years of more teachers resigning from the profession before retirement age. Since 2011, there has been a 38% increase in resignations, while the number of retirements has decreased by 44%. (Chapter 3 – Paragraphs 3.56 and 3.57 and Figures 18 and 19)

² Including university-led (PGCE) and school-led (School Centred ITT, Teach First and School Direct) postgraduate ITT routes. Undergraduate university-led ITT routes are excluded from formal ITT targets as these operate on a longer cycle and are more difficult to model.

³ High Flier Research (2018) *The Graduate Market in 2018* – http://www.highfliers.co.uk/download/2018/graduate_market/GMReport18.pdf

- The latest data (relating to 2016) show that the retention rate for teachers in the early years of their career has continued to decline. The proportion who have left within three years of joining the profession increased from 20% in 2011 to 26% in 2016. Over the same period, the proportion of teachers who left within five years of joining the profession increased from 27% to 31%. (Chapter 3 – Paragraph 3.59 and Figure 21)
- Demand for teachers will increase over the next decade, particularly for secondary phase teachers. Between 2017 and 2026, the number of primary school pupils is forecast to increase by 2.2%, while the number of secondary school pupils is forecast to increase by 19.1%. (Chapter 3 – Paragraph 3.33 and Figure 10)

4.11 The evidence available about teacher supply in Wales also indicates that there are some areas of concern. In 2015/16, the target for recruitment to Initial Teacher Education (ITE) for secondary teachers was missed by a third, and the target for primary teachers was missed for the first time in recent years (Chapter 3 – Paragraph 3.47 and Figure 14). There has been a sustained decrease in the average number of applicants per post in both primary and secondary phases since 2011 (Chapter 3 – Paragraph 3.53 and 3.54 and Figure 17). Welsh Government officials acknowledged that there had been a slight decrease in retention rates in Wales.

4.12 Overall, we conclude that the teacher recruitment and retention situation has deteriorated, with the trends that we identified in previous reports continuing. The evidence shows that there has been very little improvement in any aspect of the teacher supply situation since last year, while there is clear evidence that some factors, most notably teacher recruitment, have worsened. We note that the situation is particularly challenging in regard to secondary phase teachers, but there is evidence that teacher supply challenges are apparent across the school system in England and Wales and at all stages of teachers' careers.

Career progression and school leadership

4.13 In addition to ensuring that a sufficient number of good teachers can be recruited and retained in the profession, the teachers' pay structure must also provide the right incentives for suitable teachers to progress to middle and senior leadership roles.

4.14 Many of our consultees provided their views on the recruitment of school leaders and the role of pay in supporting teacher career progression. The Department and Welsh Government did not raise concerns about the ability to attract teachers into leadership roles. The Department told us that the flexibilities in setting leadership pay introduced in 2014 were helping in this regard. However, representations from other consultees, including those representing local authorities, governors and school leaders, reported that there were significant challenges in recruiting head teachers and middle and senior leaders.

4.15 Consultees also identified problems with the leadership pay structure. These included a lack of provision for setting the pay of executive heads, and inadequate differentials between the pay for heads and assistant/deputy heads. In addition to points raised about the leadership pay range, some of our consultees expressed concern about the ability of the current pay framework to support career progression at all stages of a teaching career.

- 4.16 Chapter 3 includes our analyses of the recruitment of school leaders and the competitiveness of their pay in comparison to the wider economy. In particular, we observed that:
- Notwithstanding our concerns about the coverage of the official vacancy data, the number of recorded leadership vacancies has increased over recent years. The number of head teacher vacancies has doubled since 2011. (Chapter 3 – Paragraph 3.49)
 - New analysis from the Department suggests a decline in the retention rates of head teachers in recent years. For example, between 2014 and 2016, the retention rate for primary head teachers after three years fell from 84% to 81%. For secondary heads, the retention rate after three years dropped from 77% to 69% over the same period. (Chapter 3 – Paragraph 3.49)
 - In Wales, there has been a substantial increase in the proportion of recruitment exercises for secondary school leadership posts that did not result in an appointment, with over 25% being unfilled in 2016. (Chapter 3 – Paragraph 3.55)
- 4.17 On our school visits, few of the classroom teachers we speak to aspire to become senior leaders, and few of the deputy or assistant heads we speak to wish to become head teachers. Many are put off by the responsibility and accountability that comes with such roles. To support an effective career pathway for school leaders, the level of pay on offer must be sufficient that people stepping up to such leadership positions feel that they are being fairly remunerated for the additional responsibilities and pressures they are taking on. We see evidence of emerging problems in recruiting and retaining school leaders, which indicates that this may not be the case.

Our conclusions and recommendations

- 4.18 The primary concern of the STRB is that the national pay and allowance framework effectively supports the recruitment and retention of teachers and school leaders across England and Wales. Teaching is a graduate profession. In order to attract enough good graduates to become teachers, we must make sure that the national pay framework is positioned appropriately in relation to the wider graduate labour market. It is also vital that teachers are retained in the profession to maintain an effective cadre of experienced classroom teachers and good school leaders. We must therefore ensure that the framework of pay and allowances continues to fairly reward teachers as their careers progress, whether this is by moving into leadership positions or remaining as classroom teachers.
- 4.19 In our 26th report (July 2016), we made it clear that, if negative trends in recruitment and retention continued, we expected that an uplift of significantly more than 1% would be required in the coming years. Our 27th report (July 2017) concluded that the recruitment and retention situation had deteriorated further and that action was required to make teachers' pay more competitive. As the most acute pressures appeared to be on recruitment and the retention of early career teachers, we recommended a 2% uplift to the main pay range (MPR), while uplifting all other pay and allowance ranges by 1%. We stated that it was likely that further uplifts of more than 1% would be required to elements of the pay framework in the coming years to make pay more competitive at all stages of a teacher's career and to enhance the status of the profession.
- 4.20 There is strong evidence that the teacher supply situation has continued to decline over the last year. Pay is clearly not the only cause of these trends in recruitment and retention, and the high demands on teachers due to workload and accountability are

significant factors, particularly in relation to retention. However, the pay and allowance framework is central to making teaching an attractive and rewarding career and signalling to graduates the value that is placed on the profession.

- 4.21 The evidence base shows that teachers' pay has become increasingly less competitive in the graduate labour market over the last few years. The expected starting salaries for new teachers in England and Wales (outside London) have persistently fallen short of median starting salaries for graduates since 2012. For 2016, estimates of the gap ranged between 10% and 25%. Across the profession as a whole, the median earnings of classroom teachers have increasingly lagged median earnings in other professional occupations; the gap exceeded 5% in the last four years.
- 4.22 Assessed against the distribution of earnings in the wider economy, the position of the teachers' pay framework has declined. Since 2010/11, the value of key points in the framework have increased more slowly than the corresponding percentiles in the earnings distribution for other *professional occupations*, with gaps of up to 5% emerging. When assessed in relation to the earnings distribution for all occupations, the relative decline is even greater, with differences of between 5% and 8%.
- 4.23 It is our assessment that the relative pay trends described above are important contributory factors in the recruitment and retention problems facing the teaching profession in England and Wales. It is for this reason that the decline in the position of the teachers' pay framework in the labour market for graduate professions needs to be addressed as a matter of priority. Timely action is required, particularly as the prospects for wage growth in the wider economy are better than for several years. In March 2018, the Office for Budget Responsibility (OBR) forecast average earnings growth in the UK economy of 2.7% in 2018, and the Bank of England's indicative projection in May 2018 for growth of average earnings was 2.75% for 2018, rising to 3.25% for 2019. To forestall a further weakening in the competitive position of teachers' pay, a significant uplift is required for 2018/19.

Our recommendations

- 4.24 **For September 2018, we recommend that all pay and allowance ranges for teachers and school leaders are uplifted by 3.5%.** This uplift is a meaningful step to improve the relative position of the teachers' pay framework in the labour market for graduate professions and, by so doing, address the deteriorating trends in teacher retention. On recruitment, our recommendations will not affect the career choices of graduates in time for September 2018. But, unless we act now, graduate pay will have moved still further ahead of current teacher pay ranges by September 2019.
- 4.25 It is possible that further adjustments will be necessary in future years but, given general uncertainty about the graduate labour market, it is not possible to make confident predictions at this stage about the level of pay award that may be required. In light of the evidence of widespread teacher supply problems, we decided against targeting this year. However, we have also seen an evidence base develop over a number of years of persistent issues with the national pay and allowance framework. Targeted pay uplifts may be required in future to address these issues. Our consideration of these matters is set out in Chapter 5.

Other remit considerations

- 4.26 The letter received from the Chief Secretary to the Treasury (Appendix B) noted that a priority for the Government was improving public sector productivity. The Secretary of State told us in oral representations that he agreed that the productivity of schools could be improved by maintaining an appropriate balance between new and experienced

teachers in the profession. We believe that our recommendations will contribute to this by supporting teacher recruitment and retention, thereby reducing the cost of high turnover and improving the quality of the teaching workforce.

- 4.27 In terms of the national funding situation, we note that, since our last report, the Government announced an increase in the overall level of funding for schools in England. This additional £1.3 billion of funding over two years means that the average level of per-pupil funding is expected to remain constant in real terms. The Department told us that, as a result, there was some 'headroom' available in school funding allocations for increases to teachers' pay. We recognise, however, that there is considerable variation in the financial situations of individual schools and that many schools will face challenges in implementing the recommended uplift to pay and allowance ranges in September 2018.
- 4.28 Under the current system, school leaders and governing bodies have autonomy in determining how their schools spend the funding they receive. They will determine their priorities, make financial decisions and set budgets accordingly. The STRB makes recommendations on the national pay and allowance framework. It is for school leaders and governing bodies to determine how to implement the changes to the School Teachers' Pay and Conditions Document (STPCD) arising from our recommendations and to determine the salary increases for individual teachers in accordance with their schools' pay policies. Given this autonomy, the affordability of our recommendations can only be assessed at individual school level.
- 4.29 The adjustments we have recommended to the national pay framework are aimed to support teacher recruitment and retention. School leaders, governing bodies and local authorities also have a role to play in achieving this through the way that they implement our recommendations. Suitable priority should therefore be given to teachers' salaries when setting budgets in order to maintain an effective teaching workforce.

CHAPTER 5

Further observations

- 5.1 Following our conclusions and recommendations on our remit, this chapter provides the STRB's observations on broader matters relating to teachers' pay and conditions. It also presents our views on matters that it might be necessary to address in future remits or that could be relevant to the work of the Review Body in the coming years.

Timing of annual pay round

- 5.2 Under the current pay system, school leaders and governing bodies must determine how to implement changes to the School Teachers' Pay and Conditions Document (STPCD) in their schools. This means that it is especially important that sufficient time is allowed for them to make budgetary decisions and amend their school's pay policy in response to changes that arise from the STRB's recommendations. We have heard from our consultees that the timescales for implementing the recommendations of our last two reports, both of which were published just before the start of schools' summer holidays, made this process difficult for heads and governors. This view was shared by the school leaders we spoke to on school visits. We consider that it would be in the interest of all of those involved in decisions on teachers' pay if our reports were published at an earlier point in the school year. **We ask the Government to consider the impact on schools when planning the timescales for annual pay rounds.**

Pay progression

- 5.3 As we noted in Chapter 2, several of the unions representing classroom teachers told us in their written and oral representations that pay progression decisions for teachers in some schools were being taken based entirely on funding considerations, rather than teacher performance. We note that such practice would be contrary to the statutory guidance of the STPCD, which states that "the decision whether or not to award pay progression must be related to the teacher's performance, as assessed through the school or authority's appraisal arrangements"¹. **School leaders and governing bodies of local authority maintained schools are reminded that decisions on teachers' pay progression must be related to performance appraisals and cannot be made based on funding considerations alone.** We also reiterate our view that good teachers should continue to be able to expect to progress to the top of the main pay range (MPR) in five years. This principle was endorsed by the Secretary of State during his oral representations.

Equalities implications of the teachers' pay system

- 5.4 Following concerns expressed in previous years, a number of our consultees told us again this year that they were worried about the equalities implications of the teachers' pay system. We are very concerned about these continued reports from consultees that the application of this system in schools is leading to discriminatory outcomes. It is important that there is a clear evidence base about the equalities implications of the pay system to determine whether any mitigating action is required. While the Department's recent evaluation did conclude that there was no evidence that groups with protected characteristics were disadvantaged, it stated that "more in-depth research would be

¹ Paragraph 19.2(a) of Department for Education (2017) *School teachers' pay and conditions document 2017 and guidance on school teachers' pay and conditions* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/636389/School_teachers__pay_and_conditions_document_2017.pdf

needed to conclusively state if this was the case.”² And we note that this evaluation did identify some disparities in relation to the pay increases received by teachers of different ethnic groups that the authors recommended should be explored in more detail³. **The Department should follow up on its previous pay evaluation with further research that focuses on the equality implications of the teachers’ pay system.**

Guidance on school teachers’ pay and conditions

- 5.5 The Department publishes annually a document titled *Implementing Your School’s Approach to Pay: Advice for maintained schools and local authorities*. This contains non-statutory guidance for schools and governing bodies about the processes for determining teachers’ and school leaders’ pay. It is intended to be read alongside the statutory provisions of the STPCD. This document contains useful guidance for teachers, school leaders, governing bodies and local authority officials about the teachers’ pay system and provides best practice on how to manage pay within schools. It was therefore concerning to hear from two consultees that some schools were not aware of this document. We consider that it is important to raise awareness of this guidance among schools. **The Department should take further action to make sure that all local authority maintained schools are aware of its guidance document.** Some of our consultees have argued that the best way of doing this would be to incorporate this document into the statutory guidance contained in the STPCD. We invite the Department to give consideration to this proposal and the potential for including this in a future remit for the STRB.

Future remits for the STRB

- 5.6 There is growing evidence to indicate that there are a number of persistent issues with the national framework of teachers’ pay and allowances. Some of these issues may require further differentiation of the framework to make sure that it provides the optimal structure for recruiting and retaining teachers and supporting their career progression. We have outlined below some of the matters in relation to the classroom teacher pay structure that we see as requiring consideration. Several of our consultees this year also reported concerns about the leadership pay structure. The STRB last gave substantial consideration to the pay structure for school leaders in its 23rd report (February 2014). We note that much has changed in relation to school leadership structures since this report. It is likely that it will be necessary for the STRB to consider the leadership pay structure again in the coming years.
- 5.7 In our previous reports, we have set out our view that consideration should be given to the way that the MPR, upper pay range (UPR) and teaching and learning responsibility allowances (TLRs) function to reward teachers as they gain experience and take on additional responsibilities. Such issues are central to making sure that the pay structure supports a clear and compelling career pathway for teachers. The evidence we considered this year confirmed for us that there is a need to look at these matters.
- 5.8 There is evidence that the recruitment and retention of secondary phase teachers is increasingly challenging. Our analyses show that there are long-standing shortages for teachers of certain subject areas, which has plainly had an impact on this. Pay and other financial incentives clearly have a role to play in addressing such shortages, and we

² Department for Education (2017) *Evaluation of Teachers’ Pay Reform: Research brief* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652764/Evaluation_of_Teachers_Pay_Reform_-_Summary.pdf

³ Section 4.3.2 of Department for Education (2017) *Evaluation of Teachers’ Pay Reform: Technical Appendix* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652765/Evaluation_of_Teachers_Pay_Reform_-_Technical_Appendix.pdf

noted the recent research⁴ in relation to this. The current pay and allowance framework does not differentiate according to subject specialism, and shortages have been instead addressed through bursaries and other financial incentives. While such schemes previously provided additional reward for graduates of specific subjects for undertaking initial teacher training (ITT), new bursary and student loan repayment schemes are being piloted by the Department that include additional in-career reward for teachers. We consider that there may therefore be scope to examine the interaction between financial incentives and pay to support recruitment and retention of teachers in shortage subjects as part of a broader remit on the classroom teacher pay structure.

- 5.9 Additionally, we saw evidence that suggested that consideration may need to be given to geographical factors in relation to the teachers' pay and allowance framework. Some consultees raised concerns about the impact that the current geographical bandings have on teacher recruitment and retention for some schools, particularly those near the borders of the Inner London, Outer London and Fringe areas. There are also some distinctive features of the teacher labour market in London that may mean that the differentials between these bandings need to be reviewed.
- 5.10 We have observed a need to review the national pay and allowance framework for classroom teachers in several of our recent reports, suggesting that the Secretary of State gives the STRB a remit to advise on these matters. We note that the remit letter of December 2017 stated:

Professional development for teachers is at the heart of our school improvement strategy and the department is currently developing its plans on strengthening career development and QTS. These reforms will provide an important opportunity for the STRB to consider what further reforms to the teacher pay framework may be required to support a clear and compelling career pathway for teachers and to support the productivity of the workforce. As such, I intend to set a remit next year which allows the STRB to make recommendations on these matters.

As we have set out above, **we continue to believe that such a review is required and welcome the Government's intention to set us a remit to consider these matters.** We consider that this review of the pay structure will complement the valuable work the Secretary of State and his Department are undertaking to reduce unnecessary workload, ensure that accountability is proportionate, and strengthen the support and training available for teachers at the start of their careers with the aim of making sure that teaching remains an attractive profession.

⁴ Education Datalab (2017) *What happens when you pay shortage-subject teachers more money? Simulating the effect of early-career salary supplements on teacher supply in England* – <http://www.gatsby.org.uk/uploads/education/datalab-simulating-the-effect-of-early-career-salary-supplements-on-teacher-supply-in-england.pdf>

APPENDIX A

Remit letter from Secretary of State



Rt Hon Justine Greening MP
Secretary of State

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0370 000 2288 www.education.gov.uk/help/contactus

Dr Patricia Rice
Chair, School Teachers' Review Body
Office of Manpower Economics
8th floor
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

7 December 2017

Dear Patricia,

SCHOOL TEACHERS' REVIEW BODY (STRB) REMIT: MATTERS FOR REPORT

I should first of all like to offer my thanks for the STRB's work over the last year on its 27th report. From 1 September this year schools across England and Wales will have been implementing their new pay policies based on the recommendations of that report. I should now like to ask for your recommendations on the pay award in 2018-19.

The Chief Secretary to the Treasury wrote to you in September setting out the Government's overall approach to pay. That letter confirmed that the Government has adopted a more flexible approach to public sector pay, to address any areas of skills shortages and in return for improvements to public sector productivity. The last Spending Review budgeted for one per cent average basic pay awards, in addition to progression pay for specific workforces, and there will still be a need for pay discipline over the coming years to ensure the affordability of the public service and the sustainability of public sector employment; review bodies should continue to consider affordability when making their recommendations.

In accordance with the Chief Secretary's letter, you will want to consider how the pay award should utilise the flexibility within the Government's pay policy to address areas of skill shortage and support the productivity of the workforce, while remaining within the bounds of affordability. You should carefully consider the pay award in relation to the early years of a teacher's career, ensuring it is encouraging high quality entrants to join the profession and supporting their progression within the workforce. My evidence will provide a detailed account of the teacher labour market based on the latest recruitment and retention data. I will also provide evidence on affordability and value for money.

Over recent years the STRB's recommendations have led to fundamental reform of the teacher pay framework. Teacher pay arrangements are now focused on supporting the productivity of the workforce and giving schools the

flexibility to tackle local recruitment and retention challenges. Professional development for teachers is at the heart of our school improvement strategy and the department is currently developing its plans on strengthening career development and QTS. These reforms will provide an important opportunity for the STRB to consider what further reforms to the teacher pay framework may be required to support a clear and compelling career pathway for teachers and to support the productivity of the workforce. As such, I intend to set a remit next year which allows the STRB to make recommendations on these matters.

Considerations to which the STRB should have regard

In considering your recommendations, you should have regard to the following:

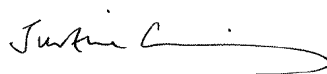
- a) The need to ensure that the proposals reflect the Government's policy for public sector pay awards in 2018-19, as set out in the Chief Secretary's letter of 21st September;
- b) Evidence of the national state of teacher and school leader supply, including rates of recruitment and retention, vacancy rates and the quality of candidates entering the profession;
- c) The need to ensure that any proposals are affordable and offer best value for money;
- d) Evidence of the wider state of the labour market in England and Wales;
- e) Forecast changes in the pupil population and consequent changes in the level of demand for teachers;
- f) The Government's commitment to increasing autonomy for all head teachers and governing bodies to develop pay arrangements that are suited to the individual circumstances of their schools and to determine teachers' pay within the statutory minima and maxima.

Matters for recommendation

I refer to the STRB the following matters for recommendation:

- An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention.

I would be grateful if the STRB could aim to provide a report on this matter **by early May 2018**. I look forward to receiving your recommendations on the 2018 pay award.



RT HON JUSTINE GREENING MP

APPENDIX B

Letter from the Chief Secretary to the Treasury to STRB Chair



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dr Patricia Rice
Chair of STRB
c/o Office of Manpower Economics
Fleetbank House
2-6 Salisbury House
EC4Y 8JX

21 September 2017

Dear Patricia,

PUBLIC SECTOR PAY 2018 -19

1. Thank you for your work on the 2017/18 pay round. The Pay Review Bodies continue to play an invaluable role in making independent, evidence-based recommendations on public sector pay awards. I am extremely grateful to you and your colleagues for your considered work. This letter sets out the Treasury's overarching approach for the 2018/19 pay round.
2. Our public-sector workers are among the most extraordinarily talented and hardworking people in our society. They, like everyone else, deserve to have fulfilling jobs that are fairly rewarded. The Government takes a balanced approach to public spending, dealing with our debts to keep our economy strong, while also making sure we invest in our public services.
3. The Government will continue to ensure that the overall package for public sector workers is fair to them and ensures that we can deliver world class public services while also being affordable within the public finances and fair to taxpayers as a whole.
4. The last Spending Review budgeted for a 1% average increase in basic pay and progression pay awards for specific work forces, and there will still be a need for pay discipline over the coming years, to ensure the affordability of the public services and the sustainability of public sector employment. However, the Government recognises that in some parts of the public sector, particularly in areas of skill shortage, more flexibility may be required to deliver world class public services including in return for improvements to public sector productivity.
5. As the Office for Budget Responsibility's Fiscal risks report published on 13 July reminds us, at nearly 90 per cent of GDP, our public debt is still too high. So, while continuing



to invest in and improve our public services, we must also maintain our ambition to reduce debt at a pace which is sensitive to the needs of the economy.

6. With a more flexible policy it is of even greater importance that recommendations on annual pay awards are based on independent advice and underpinned by robust evidence, submitted by departments, that takes into account the context of wider economic circumstances, private sector comparators, and overall remuneration of public sector workers (including progression pay and pension entitlements). The role of the Pay Review Bodies is therefore more important than ever.
7. The Government values hugely the role of the Pay Review Bodies and appreciates the length of time it takes to complete a thorough process. As you know, the forthcoming 2018/19 annual pay round also marks the shift to a Single Fiscal Event in the autumn which will delay your receipt of departmental evidence. The process will therefore run to a later timeline this year: a letter will follow this in due course from relevant Secretaries of State and written evidence will likely be received in December rather than September as is usual for most PRB workforces.
8. I realise that the change in timing will impact on when the Government can expect to receive your report and, as a consequence, on when individuals will receive their pay award. I recognise that this is far from ideal as our hard-working public servants are entitled to receive their awards promptly. However, on balance given the importance of the process and the change in timing that has already occurred, I feel it is important we work to a later timeline rather than condensing the process. I hope that by making the timing clear at the beginning of the process workforces can be made aware, with plans put in place to work to a later timeline, and for you and your PRB members to manage your own time. The Office for Manpower Economics will be able to support you in this but, do get in touch if you have concerns in this regard.
9. I appreciate that you may have further questions about this change in approach and I would be pleased to discuss this further when we meet soon. I look forward to working with you over the coming years.

Best wishes.

A handwritten signature in blue ink, appearing to read 'Elizabeth Truss'.

RT HON ELIZABETH TRUSS MP

APPENDIX C

Conduct of the review

- C1. In her remit letter of 7th December 2017 (reproduced at Appendix A), the then Secretary of State for Education, the Rt Hon Justine Greening MP, asked us to consider:

An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention.

- C2. The remit letter asked the STRB to report on these matters by early May 2018. It also noted that, in considering our recommendations on these matters, the STRB should take account of the Chief Secretary to the Treasury's letter of 21st September 2017 to all pay review body chairs (reproduced at Appendix B). This letter outlined the Government's new approach to public sector pay.
- C3. In order to formulate our recommendations on these remit matters, we consulted with our statutory consultees and considered a wide range of evidence. The representations that we received from consultees are summarised in Chapter 2 of this report and the main points of evidence that we considered are presented in Chapter 3. Below are details of the statutory consultation we undertook and the visits and meetings which informed our understanding of the issues relevant to this remit.

Consultation

- C4. We gave the following organisations the opportunity to make written representations and provide evidence:

Government

Department for Education (DfE)
Welsh Government

Organisations representing teachers

Association of School and College Leaders (ASCL)
British Association of Teachers of the Deaf (BATOD)
National Association of Head Teachers (NAHT)
NASUWT
National Education Union (NEU)
Undeb Cenedlaethol Athrawon Cymru (UCAC)
Voice

Association of local authorities

National Employers' Organisation for School Teachers (NEOST)

Organisations representing governors

National Governors' Association (NGA)
Governors Wales (GW)

- C5. We also notified the following organisations of the remit:

Association of Directors of Children's Services (ADCS)
Association of Directors of Education in Wales (ADEW)
Board of Education, General Synod of the Church of England
Catholic Education Services for England and Wales
Education Workforce Council (Wales)
Her Majesty's Inspectorate for Education and Training in Wales (Estyn)

Freedom and Autonomy for Schools – National Association (FASNA)
Free Churches Education Committee
Information for School and College Governors (ISCG)
Methodist Independent Schools Trust
Office for Standards in Education, Children’s Services and Skills (Ofsted)
SSAT (The Schools Network) Ltd
Teach First

- C6. Our secretariat wrote to consultees on 7th December 2017 to invite them to submit written representations on the remit matters by 25th January 2018. The Department informed us on 22nd January that it would be unable to submit its representations by this date. This followed the appointment of a new Secretary of State for Education. We concluded that it was not possible to proceed to the next stage of the consultation process without the Department’s submission. In order to treat consultees equally, we informed all that the deadline would be extended. We subsequently wrote to consultees on 30th January to confirm that the new deadline was 1st February.
- C7. The following consultees made written submissions: ASCL¹, the Department², NAHT³, the NASUWT⁴, NEOST⁵, the NEU⁶, NGA⁷, UCAC⁸, Voice⁹ and the Welsh Government. In addition, five teacher unions (ASCL, NAHT, NEU, UCAC and Voice) submitted a joint statement¹⁰.
- C8. We asked consultees to share their written submission and provided all with an opportunity to submit supplementary representations commenting on others’ submissions by 22nd February. ASCL¹¹, NAHT¹², the NASUWT¹³, the NEU¹⁴, UCAC, Voice, and the Welsh Government each provided a supplementary submission commenting on other consultees’ initial written representations.
- C9. The following consultees were invited to make oral representations: ASCL, the Department, NAHT, the NASUWT, NEOST, the NEU, NGA, UCAC, Voice and the Welsh Government. All these organisations made individual representations at meetings in March 2018.

Visits and meetings

- C10. In total, we held 15 meetings of the Review Body between 29th September 2017 and 11th May 2018. The STRB also heard oral representations from ten consultee organisations over three days in March 2018.

¹ <https://www.ascl.org.uk/utilities/document-summary.html?id=5FE780F8-86BA-477A-87525F2BB595C3FB>

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/678064/STRB_2018_pay_award_-_government_evidence.pdf

³ http://www.naht.org.uk/_resources/assets/attachment/full/0/79260.pdf

⁴ <https://www.nasuwt.org.uk/asset/6BC23642-0137-486E-AB4C33FA74C496F0/>

⁵ <https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=172476&eventID=519>

⁶ <https://neu.org.uk/advice-and-resources/publications/strb-submission-january-2018>

⁷ [https://www.nga.org.uk/getattachment/About-Us/What-we-think/Consultations/2018-consultations/School-Teachers%E2%80%99-Review-Body-\(STRB\)-January-2018/NGA-STRB-2018-FINAL-\(1\).pdf](https://www.nga.org.uk/getattachment/About-Us/What-we-think/Consultations/2018-consultations/School-Teachers%E2%80%99-Review-Body-(STRB)-January-2018/NGA-STRB-2018-FINAL-(1).pdf)

⁸ <http://www.athrawon.com/images/Tystiolaeth/UCACs%20Supplementary%20Evidence%20to%20the%20STRB%20February%202018.pdf>

⁹ <https://www.voicetheunion.org.uk/sites/default/files/STRBJanuary2018.pdf>

¹⁰ <https://www.ascl.org.uk/download.235A5FF0-E1F2-41C5-B09E431A0493C6B5.html>

¹¹ <https://www.ascl.org.uk/utilities/document-summary.html?id=E0688152-772C-4751-B91F65A30FED4F10>

¹² http://www.naht.org.uk/_resources/assets/attachment/full/0/80092.pdf

¹³ <https://www.nasuwt.org.uk/advice/pay-pensions/pay-award/england/what-is-the-strb-.html>

¹⁴ <https://neu.org.uk/advice-and-resources/publications/supplementary-evidence-school-teachers-review-body>

- C11. In considering this remit, we took account of discussions we had with teachers, school leaders and local authority officials during recent visits. In 2017, we visited six primary schools, two primary head teacher forums, three secondary schools and four special schools in Birmingham, Cardiff, Hartlepool and Hull. We extend our thanks to all the schools we visited, the teachers, school leaders and local authority officials we spoke to and those who helped us organise these visits.
- C12. In November 2017, the STRB chair attended a meeting between pay review body chairs and economists and HM Treasury officials. The chair attended, in February 2018, a ministerial reception at the Department for Education.
- C13. Before we were given our remit, we received presentations that provided us with information about the wider context to our consideration of teachers' pay and conditions. In October 2017, we heard from Jon Coles, the CEO of United Learning, about the pay and conditions of teachers in multi-academy trusts and from Stephen Baker, Deputy Director of the Employment and Teacher Retention Division of the Department for Education, about the Department's strategy in relation to the teacher workforce. In November 2017, we received a presentation from officials in the Department's Teacher Workforce Analysis Division about their data collection and analysis in regard to the teacher workforce. We thank all those who attended our meetings to provide presentations.

APPENDIX D

Current and recommended pay and allowance ranges

Classroom Teachers' pay ranges – England and Wales excluding the London area

	Current pay range	Recommended September 2018
Unqualified Teacher Pay Range	£pa	£pa
Minimum	16,626	17,208
Maximum	26,295	27,216
Main Pay Range		
Minimum	22,917	23,720
Maximum	33,824	35,008
Upper Pay Range		
Minimum	35,927	37,185
Maximum	38,633	39,986
Leading Practitioner Pay Range		
Minimum	39,374	40,753
Maximum	59,857	61,952

Classroom Teachers' pay ranges – Fringe area

	Current pay range	Recommended September 2018
Unqualified Teacher Pay Range	£pa	£pa
Minimum	17,718	18,339
Maximum	27,384	28,343
Main Pay Range		
Minimum	24,018	24,859
Maximum	34,934	36,157
Upper Pay Range		
Minimum	37,017	38,313
Maximum	39,725	41,116
Leading Practitioner Pay Range		
Minimum	40,458	41,875
Maximum	60,945	63,079

Classroom Teachers' pay ranges – Outer London area

	Current pay range	Recommended September 2018
Unqualified Teacher Pay Range	£pa	£pa
Minimum	19,749	20,441
Maximum	29,422	30,452
Main Pay Range		
Minimum	26,662	27,596
Maximum	37,645	38,963
Upper Pay Range		
Minimum	39,519	40,903
Maximum	42,498	43,986
Leading Practitioner Pay Range		
Minimum	42,498	43,986
Maximum	62,985	65,190

Classroom Teachers' pay ranges – Inner London area

	Current pay range	Recommended September 2018
Unqualified Teacher Pay Range	£pa	£pa
Minimum	20,909	21,641
Maximum	30,573	31,644
Main Pay Range		
Minimum	28,660	29,664
Maximum	39,006	40,372
Upper Pay Range		
Minimum	43,616	45,143
Maximum	47,298	48,954
Leading Practitioner Pay Range		
Minimum	46,814	48,453
Maximum	67,305	69,661

Classroom Teachers' allowance ranges

	Current range	Recommended September 2018
Teaching and Learning Responsibility (TLR) payment 3 (Fixed term)	£pa	£pa
Minimum	529	548
Maximum	2,630	2,723
Teaching and Learning Responsibility (TLR) payment 2		
Minimum	2,667	2,761
Maximum	6,515	6,744
Teaching and Learning Responsibility (TLR) payment 1		
Minimum	7,699	7,969
Maximum	13,027	13,483
Special Educational Needs Allowance (SEN)		
Minimum	2,106	2,180
Maximum	4,158	4,304

Leadership Team pay ranges – England and Wales excluding the London area

	Current salary range			Recommended September 2018		
	£pa			£pa		
Leadership Minimum ¹	39,374			40,753		
Broad Bands for Head Teachers						
1	44,544	–	59,264	46,104	–	61,339
2	46,799	–	63,779	48,437	–	66,012
3	50,476	–	68,643	52,243	–	71,046
4	54,250	–	73,876	56,149	–	76,462
5	59,857	–	81,478	61,952	–	84,330
6	64,417	–	89,874	66,672	–	93,020
7	69,330	–	99,081	71,757	–	102,549
8	76,466	–	109,366	79,143	–	113,194

Leadership Team pay ranges – Fringe area

	Current salary range			Recommended September 2018		
	£pa			£pa		
Leadership Minimum ¹	40,458			41,875		
Broad Bands for Head Teachers						
1	45,633	–	60,341	47,231	–	62,453
2	47,884	–	64,864	49,560	–	67,135
3	51,561	–	69,725	53,366	–	72,166
4	55,338	–	74,952	57,275	–	77,576
5	60,945	–	82,560	63,079	–	85,450
6	65,513	–	90,955	67,806	–	94,139
7	70,423	–	100,156	72,888	–	103,662
8	77,551	–	110,448	80,266	–	114,314

¹ Minimum for Deputy and Assistant Head Teachers only.

Leadership Team pay ranges – Outer London area

	Current salary range			Recommended September 2018		
	£pa			£pa		
Leadership Minimum ¹	42,498			43,986		
Broad Bands for Head Teachers						
1	47,667	–	62,361	49,336	–	64,544
2	49,924	–	66,876	51,672	–	69,217
3	53,597	–	71,736	55,473	–	74,247
4	57,370	–	76,968	59,378	–	79,662
5	62,985	–	84,576	65,190	–	87,537
6	67,545	–	92,967	69,910	–	96,221
7	72,454	–	102,173	74,990	–	105,750
8	79,591	–	112,460	82,377	–	116,397

Leadership Team pay ranges – Inner London area

	Current salary range			Recommended September 2018		
	£pa			£pa		
Leadership Minimum ¹	46,814			48,453		
Broad Bands for Head Teachers						
1	51,991	–	66,638	53,811	–	68,971
2	54,247	–	71,153	56,146	–	73,644
3	57,918	–	76,017	59,946	–	78,678
4	61,695	–	81,244	63,855	–	84,088
5	67,305	–	88,853	69,661	–	91,963
6	71,865	–	97,247	74,381	–	100,651
7	76,778	–	106,451	79,466	–	110,177
8	83,910	–	116,738	86,847	–	120,824

¹ Minimum for Deputy and Assistant Head Teachers only.

