



Department
for Education

Evidence to the STRB: the 2014 pay award

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Introduction

1. The Secretary of State's remit letter to the School Teachers' Review Body (STRB), on 24th October 2013, requested recommendations on how to apply the 2014 pay award. It is the government's policy that public sector pay awards will average 1% in 2014.
2. The Secretary of State asked the STRB for recommendations on how to apply the pay award in 2014. In particular, he asked for recommendations on:
 - a. What adjustments should be made to the salary and allowance ranges and scales for classroom teachers, unqualified teachers and school leaders to reflect the 1 per cent pay award for public sector workers;
 - b. What adjustments should be made to salaries and allowances in payment.
3. In his response to the STRB's 21st report, the Secretary of State proposed that the minima and maxima for classroom teachers' pay be updated in each year 2013-14 and 2014-15. The response to the STRB's 21st report also said: "*Schools are free to determine the extent of pay uplifts to teachers within the minima and maxima, and will be able to provide an uplift of 1%, in line with any overall uplift in pay in the public sector, if they so choose*".
4. This document provides the Secretary of State's evidence to support the STRB's consideration of how the 2014 pay award should apply to teachers and school leaders.
5. The STRB should also refer to the evidence on leadership submitted on 18 June 2013. In particular, annexes C, D, E and G contain detailed analysis of data on leadership and allowances taken from the School Workforce Census (SWC) in November 2012. As this is still the most recent data we have not repeated that evidence in this document.

The case for pay restraint at the national level

6. The UK has been hit by the most damaging financial crisis in generations and the government inherited the largest deficit since the Second World War. Through this period of uncertainty, the government's long-term economic plan has ensured economic stability and provided the foundations for the current recovery, which is now gaining further momentum as the factors weighing on UK growth between 2010 and 2012 continue to ease.
7. The UK economy has gained momentum through 2013 and Gross Domestic Product (GDP) growth has exceeded forecasts. UK GDP grew by 0.4% in the first quarter, 0.7% in the second quarter and 0.8% in the third quarter. There are also early signs that GDP growth is balanced across the main sectors of the economy.
8. The factors which weighed on UK growth between 2010 and 2012 are abating. The effect of the financial crisis is easing and credit conditions have improved. The euro area sovereign debt crisis has stabilised, and the euro area grew in the second and third quarters of 2013, though activity remains subdued. Pressure from commodity price rises has eased, with prices generally stabilising through 2013, though they remain high. However, external risks remain, reinforcing the case for stability in the government's long-term economic plan.
9. The OBR forecast inflation of 2.6% in 2013 and 2.3% in 2014 and forecast it to slow between 2013 and 2016, returning to target in the second half of 2016. The Bank of England's latest inflation forecast, published in the November Inflation Report, is lower than in the August report, reflecting lower outturn and the appreciation of sterling. The Bank expects inflation to remain around the 2.0% target from Q4 2013 onwards.
10. Labour market figures strengthened in the third quarter of 2013 after a weak start to the year. The Office for Budget Responsibility (OBR) expects employment to continue to rise over the forecast period, but a slower pace than the increase over 2012. The unemployment rate fell 0.2 percentage points on the quarter to 7.6%, in-line with market expectations, and also down 0.2 percentage points compared to the same period last year and down from the peak of 8.4% in the final quarter of 2011. The OBR expect the unemployment rate to continue to fall in the final quarter of 2013 reaching 7.0% by the second quarter of 2015.
11. The government remains committed to reducing the deficit and addressing the permanent structural deterioration in the public finances caused by the lasting impact of the financial crisis. By the end of 2012-13, around 60% of the annual consolidation planned for this parliament has been achieved, with almost 55% if the spending and around 80% of the tax consolidation in place. 80% of the total consolidation in 2015-16 will be delivered by lower spending. By the end of April 2013, the government had implemented measures to deliver over 90% of the total

savings expected from reforms to the welfare system. The majority of tax consolidation measures will have been legislated by 6 April 2014.

12. The OBR's December 2013 Economic and fiscal outlook concluded that the fiscal mandate to achieve cyclically-adjusted current balance by the end of the rolling five-year forecast period will be met a year early, in 2017-18 and will be in surplus by 1.6% of GDP in 2018-19. The OBR also forecast public sector net debt as a percentage of GDP will be falling in 2016-17, a year later than set out in the supplementary debt target, but both a year earlier around 6 percentage points lower than the peak level forecast at Budget 2013.
13. Public sector pay restraint has been a key part of the fiscal consolidation so far. Budget 2013 announced that public sector pay awards in 2015/16 will be limited to an average of up to 1%.
14. Further detailed evidence about the state of the economy and the labour market in England and Wales is provided in Annex A.

Affordability in schools

15. The government has prioritised investment in education as one of our measures to drive long-term economic growth.
16. The overall schools budget in England continues to be protected and will stay at the same level on a per pupil basis until the end of this Spending Review period and will rise as the pupil population grows. The Pupil Premium is additional to this. In 2013/14 Dedicated Schools Grant allocations, before recouPMENT of funding for academies, total £38.068 billion. The Pupil Premium is an additional £1.875 billion in 2013/14 and is set to rise to £2.5 billion in 2014/15.
17. Individual school budgets vary from year to year due to changes in local funding formulae. To protect schools from significant reductions, in England we have put in place a Minimum Funding Guarantee to the end of this Spending Review period which ensures that most schools will not experience a reduction to their budgets of more than 1.5% per pupil (excluding sixth form funding) compared to the previous year and before the Pupil Premium is added.
18. In Wales, the education budget in 2011/12 was approximately £2.598 billion of which £2.235 billion was in the schools budget and £363 million was in the LEA budget. The funding delegated to schools in 2011/12 was £2.021 billion.
19. Teachers in England and Wales were subject to a pay freeze from September 2011 to September 2013. Following the recommendations of the STRB's 22nd report, all salaries and allowances in payment, and all statutory values in the STPCD, were uplifted by 1% following the end of the pay freeze. The teacher pay bill is projected to be approximately £22.3 billion in the 2013/14 academic year.
20. The pay bill would increase by about £260m in 2014/15 if there was a further flat 1% pay uplift awarded to all salaries and relevant allowances. The cost of the pay award alone is estimated at £220m, while the remaining £40m pressure is due to pay drift.¹ The costs of the 2014 pay award will need to be met from within school budgets. This makes affordability a key consideration for this remit.
21. Subject to the outcomes of consultation, any further reforms to arrangements for teachers' pay recommended by the School Teachers' Review Body (STRB) in its 23rd Report will be implemented from September 2014.
22. Further evidence about affordability in schools is provided in Annex B.

¹ Pay drift is a result mainly of the combined effects of classroom teacher progression, and wastage from and entry to the workforce. Further information on the pay bill is in Annex B.

Maintaining a supply of high quality teachers and leaders

23. The importance of high quality teachers and school leaders cannot be overstated.
24. The teacher labour market remains strong. Teacher vacancies continue to be low and the quality of graduates entering the profession is increasing. The proportion of graduate recruits to teaching with degree classifications of 2:1 or higher continues to increase.
25. The recommendations of the STRB's 21st report gave schools the flexibility to establish reward packages that will attract and retain the best teachers. We are also giving schools the opportunity to recruit and train graduates for teaching careers, giving them an even greater degree of influence over the teacher labour market.
26. In 2013/14 850 lead schools are training 6,580 teachers through School Direct. Over 17,700 places have been requested for 2014/15. Early indications suggest that over 90% of the 2012/13 cohort have found jobs as teachers, with over half being employed within the School Direct partnership in which they trained.
27. Some of the best schools are now taking an even greater role in Initial Teacher Training (ITT). School-centred ITT providers take on full responsibility for the design and delivery of training. There are now 76 accredited ITT providers which are school-led, and eight more are due to commence operation from 2014.
28. We are also providing additional support for the Teach First programme. From a little over 500 places in 2009/10 the programme will expand to 2,000 places in 2015/16. 1,250 places were offered in 2013/14, including in schools in the South West and south coast, which previously did not benefit from the programme. In 2014/15 Teach First recruits will be placed in every region of England for the first time.
29. Further information about the labour market for teachers and school leaders in England and Wales is provided in Annex C.

Applying the 2014 pay award

30. The government's response to the STRB's 21st report set out the government's position in relation to the application of the average 1% pay award to the salary scales for teachers as follows:

"The statutory minima and maxima for classroom teachers' pay will be updated by 1% in each year 2013-14 and 2014-15."

31. The response to the STRB's 21st report also said: *"Schools are free to determine the extent of pay uplifts to teachers within the minima and maxima, and will be able to provide an uplift of 1%, in line with any overall uplift in pay in the public sector, if they so choose"*.
32. The STRB's 22nd report recommended that the 1% pay award should be applied equally to all salaries and allowances in payment, and to all points on the pay-scales contained in the School Teachers Pay and Conditions Document (STPCD).
33. The effect of uplifting the current minima and maxima for each of the classroom teacher pay ranges in 2014/15 is shown in the table below.

Reformed classroom teacher pay ranges with statutory minima and maxima uplifted by 1%

Pay ranges				
	England and Wales	Inner London	Outer London	London Fringe
Main Scale				
Min	£22,023	£27,543	£25,623	£23,082
Max	£32,187	£37,119	£35,823	£33,244
Upper Pay Scale				
Min	£34,869	£42,332	£38,354	£35,926
Max	£37,496	£45,905	£41,246	£38,555
Discretion for higher level specific posts				
Min	£38,215	£45,435	£41,246	£39,267
Max	£58,096	£65,323	£61,130	£59,151
Unqualified Teacher Scale				
Min	£16,135	£20,293	£19,167	£17,196
Max	£25,519	£29,673	£28,555	£26,577

34. The STPCD provides statutory minima and maxima for teacher allowances. It also provides a statutory leadership pay spine which has 43 points for each of the four regional pay bands. On 10 January 2014 the STRB is due to send recommendations to the Secretary of State on reform of leadership pay, non-pay terms and conditions, allowances and safeguarding. The STRB will want to consider how the average 1% pay award should apply across the statutory

provisions for leadership pay and allowances in the STPCD in light of the Secretary of State's response to those recommendations.

35. This evidence provides details of the national labour market and local variations. Following the government's acceptance of the recommendations of the STRB's 21st report schools already have a very large degree of flexibility to differentiate the remuneration they offer to teachers to reflect various factors, including local recruitment and retention; roles and responsibilities; and specialist qualifications.
36. As indicated in the Secretary of State's letter of 24 October 2013, the STRB will want to also consider whether differentiating the pay award could make implementation more difficult or onerous for schools and how it might impact on individual school budgets. If the STRB proposed a larger pay award to some teachers than to others, some schools may see a disproportionate increase in their pay bill as a result.

Annex A: Evidence on the general economic outlook

Economic context and outlook for the economy

Growth

- A1** The UK has been hit by the most damaging financial crisis in generations and the government inherited the largest deficit since the Second World War. Through this period of uncertainty, the government's long term economic plan has ensured economic stability and provided the foundations for the current recovery which is now gaining further momentum as the factors weighing on UK growth between 2010 and 2012 continue to ease.
- A2** The government's long-term economic plan is restoring the public finances to a sustainable path and the deficit as a percentage of GDP is forecast to have halved by 2014-15. The government's plan has ensured economic stability and provided the foundations for the recovery. The government continues to take decisive action through monetary activism and credit easing; deficit reduction; reform of the financial system; and a comprehensive package of structural reforms.
- A3** The UK economy has gained momentum through 2013 and GDP growth has exceeded forecasts. UK GDP grew by 0.4% in the first quarter, 0.7% in the second quarter and 0.8% in the third quarter. There are also early signs that GDP growth is balanced across the main sectors of the economy.
- A4** Reflecting this increased momentum, the Office for Budget Responsibility's (OBR) Autumn Statement 2013 forecast revised up UK GDP growth in 2013 to 1.4% compared to 0.6% from the Budget forecast. GDP growth in 2014 was revised up to 2.4% from 1.8%.
- A5** The factors which weighed on UK growth between 2010 and 2012 are abating. The effect of the financial crisis is easing and credit conditions have improved. The euro area sovereign debt crisis has stabilised, and the euro area grew in the second and third quarters of 2013, though activity remains subdued. Pressure from commodity price rises has eased, with prices generally stabilising through 2013, though they remain high. However, external risks remain, reinforcing the case for stability in the government's long term economic plan.
- A6** The government is delivering ambitious structural reforms to enable the UK to compete in a rapidly changing global economy. These reforms are a key part of the government's economic strategy, alongside fiscal consolidation, monetary activism, and reform of the financial system.
- A7** To help equip the UK to succeed in the global race the government is implementing the most radical programme of economic reform in a generation. These reforms include making the tax system more competitive, equipping the UK's young people

for the future, reforming the welfare system, increasing the income tax personal allowance and delivering improvements in the UK's infrastructure.

Table 1A: Forecasts for GDP growth 2013 to 2015

Forecasts for GDP growth (per cent)	2013	2014	2015
OBR (December Autumn Statement 2013)	1.4	2.4	2.2
IMF WEO (October 2013)	1.4	1.9	2.0
Avg. of independent forecasters (November 2013)	1.4	2.3	2.4

Inflation

- A8** Inflation has fallen significantly since its peak in September 2011. The Consumer Price Index (CPI) inflation peaked at 5.2 per cent in September 2011 but fell back in 2012 as past rises in commodity and energy prices and VAT dropped out of the twelve month comparison. Inflation over the third quarter of 2013 was 2.7 per cent.
- A9** Compared to the August *Inflation Report*, the outlook for inflation in the November report is lower, reflecting lower outturn and the appreciation of sterling. The Bank expects inflation to remain around the 2.0 per cent target from Q4 2013 onwards. The OBR expects the rate of inflation to slow between 2013 and 2016, returning to the 2.0% target in the second half of 2016. This does not include the possible impact of reforms announced in Autumn Statement 2013 that will result in an average saving of £50 in household bills by reducing the impact of government policies on energy bills. The OBR state in its Economic and fiscal outlook that “inflation expectations are assumed to remain anchored to the target.”

Table 2A: Forecasts for CPI Inflation 2013 to 2015

Forecasts for CPI Inflation (per cent change on a year earlier)	2013	2014	2015
OBR (December Autumn Statement 2013)	2.6	2.3	2.1
IMF WEO (October 2013)	2.7	2.3	2.0
Avg. of independent forecasters* (November 2013)	2.6	2.4	2.1

*Fourth quarter

Affordability

- A10** The government inherited the largest deficit in post-war history due to the financial crisis and unsustainable pre-crisis increases in public spending. The historically high level of borrowing risked undermining fairness, growth and economic stability in the UK. In 2010 the government set out clear, credible and specific medium-term fiscal consolidation plans to return the public finances to a sustainable path.

- A11** The government's fiscal strategy has been effective in providing protection against a challenging backdrop of global uncertainty and fiscal vulnerabilities. This has restored fiscal credibility, allowing activist monetary policy and the automatic stabilisers to support the economy, and is consistent with the approach recommended by international organisations.
- A12** The government remains committed to reducing the deficit and addressing the permanent structural deterioration in the public finances caused by the lasting impact of the financial crisis. By the end of 2012-13, around 60% of the annual consolidation planned for this parliament has been achieved, with almost 55% of the spending and around 80% of the tax consolidation in place. 80% of the total consolidation in 2015-16 will be delivered by lower spending. By the end of April 2013, the government had implemented measures to deliver over 90% of the total savings expected from reforms to the welfare system. The majority of tax consolidation measures will have been legislated by 6 April 2014.
- A13** The improved economic outlook supports the public finances, with the 'underlying deficit' now expected to be £73 billion lower over the forecast period than projected at Budget 2013. However, although the structural deficit continues to fall year on year, the OBR judges that it has not been improved by stronger economic growth. The government's long-term economic plan is restoring the public finances to a sustainable path and the deficit as a percentage of GDP is forecast to have halved by 2014-15.
- A14** With the deficit and debt still at unsustainable levels, deviating from the long-term economic plan as set out in 2010 now would be the biggest risk to recovery. Clear and credible consolidation plans remain essential for reducing the risk of a costly loss of market confidence in the UK. The UK's fiscal vulnerabilities argue strongly in favour of maintaining a credible path of deficit reduction. Despite significant progress since 2010, the UK is forecast to have the second largest deficit among the G7, behind Japan.
- A15** The implication of fiscal consolidation for departmental spending levels can be seen in table 3A below, which shows resource DEL budgets for each department from the Public Expenditure Statistical Analyses 2013. An estimated £166 billion in 2011-12 was spent on public sector pay, around 50% of departmental resource spending.

Table 3A: Resource DEL Budgets for each Department (Excluding Depreciation)

Table 1.5 Resource DEL excluding depreciation, 2008-09 to 2015-16

	£ million							
	National Statistics							
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 plans	2014-15 plans	2015-16 ⁽¹⁾ plans
Resource DEL excluding depreciation by departmental group								
Education	46,637	49,385	50,568	50,265	50,239	52,442	53,181	53,168
NHS (Health)	86,671	93,237	96,260	99,070	101,416	105,519	108,340	110,372
Personal Social Services (Health) ⁽²⁾	1,261	1,362	1,471	-	-	-	-	-
Transport	5,436	5,652	5,176	4,679	4,315	3,986	3,621	3,198
CLG Communities	4,084	4,299	3,649	1,745	1,309	2,561	2,085	1,134
CLG Local Government ⁽³⁾	29,487	30,798	28,735	29,764	27,576	16,242	13,330	11,820
Business, Innovation and Skills	16,329	17,321	17,029	16,231	15,467	14,871	13,776	13,000
Home Office	9,009	9,268	12,288	11,904	11,199	10,977	10,359	9,901
Justice	8,633	8,529	8,614	8,453	8,067	7,216	6,793	6,235
Law Officers' Departments	712	697	658	611	591	597	532	519
Defence	25,410	27,587	28,090	28,142	26,415	26,470	24,386	23,896
Foreign and Commonwealth Office	1,946	2,022	2,091	2,052	1,987	1,920	1,158	1,102
International Development	4,742	5,234	5,909	6,167	6,105	8,556	8,273	8,499
Energy and Climate Change	288	1,216	1,146	1,144	1,117	1,375	1,078	952
Environment, Food and Rural Affairs	2,219	2,261	2,175	1,981	1,887	1,932	1,695	1,559
Culture, Media and Sport	1,502	1,457	1,471	1,473	2,059	1,239	1,134	1,098
Work and Pensions	7,689	8,549	8,685	7,286	7,117	7,612	7,412	5,988
Scotland	23,901	24,852	25,587	25,189	25,341	25,672	25,691	25,655
Wales	12,610	13,289	13,615	13,475	13,265	13,705	13,690	13,635
Northern Ireland	8,894	9,293	9,597	9,437	9,461	9,617	9,633	9,622
Chancellor's Departments	4,132	4,048	3,758	3,642	3,262	3,635	3,456	3,265
Cabinet Office	1,772	1,962	2,025	2,045	2,074	2,136	2,279	1,995
Small and Independent Bodies	1,649	1,587	1,552	1,624	1,394	1,468	1,434	1,295
Spending commitments not yet in budgets ⁽¹⁾	-	-	-	-	-	-	-	1,100
Reserve	-	-	-	-	-	2,200	2,800	2,800
Special Reserve	-	-	-	-	-	400	1,800	1,000
Green Investment Bank	-	-	-	-	-	1,000	-	-
OBR allowance for shortfall	-	-	-	-	-	-1,200	-1,000	-
Adjustment for Budget Exchange ⁽⁴⁾	-	-	-	-	-	-1,700	-1,200	-
Total resource DEL excluding depreciation	305,012	323,905	330,149	326,380	321,663	320,700	315,700	312,900

⁽¹⁾ Figures are consistent with Table 1 of the Spending Round 2013 document (Cm8639) published on 26 June 2013.

⁽²⁾ Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

⁽³⁾ Figures from 2013-14 onwards reflect adjustment to departmental plans for changes to local government funding for business rates retention and council tax localisation.

⁽⁴⁾ Departmental budgets in 2013-14 and 2014-15 include amounts carried forward from 2012-13 through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Source, HM Treasury, July 2013

Labour market

A16 Headline labour market figures strengthened in the third quarter of 2013 after a weak start to the year. Employment rose by 177,000 in the third quarter of 2013, bringing the employment level to its highest ever level at 29.95m. The employment rate rose 0.3 percentage points to 71.8 for the same period. The OBR expects employment to continue to rise over the forecast period, but at a slower pace than the increase over 2012. Unemployment fell by 48,000 over the quarter and is down 48,000 over the year. The unemployment rate fell 0.2 percentage points on the quarter, in-line with market expectations, down 0.2 percentage points compared to the same period last year and down from the peak of 8.4% in the final quarter of

2011. The OBR expect the unemployment rate to continue to fall in the final quarter of 2013 reaching 7.0% by the second quarter of 2015.

A17 In the third quarter of 2013, the overall Labour Force Survey (LFS) employment level was 381,000 above its pre-recession peak in the three months to May 2008, but the employment rate at 71.8% was 1.2 percentage points lower than its pre-recession peak. Over the last year, the composition of the labour market has continued to strengthen with the number of full-time employees increasing by 368,000, accounting for almost all (97%) of total employment growth over the year. The number of vacancies increased by 62,000 over the year to 542,000 in the three months to September 2013, the highest level since October 2008.

A18 However, while employment growth remains robust and unemployment is falling wage growth remains weak. Regular pay growth (excluding bonuses) in the third quarter of 2013 slowed to 0.8% on the year, the weakest rate of growth in the series (back to 2001).

Employment and unemployment

A19 The increase in the level of employment of 378,000 over the year to the third quarter of 2013 continues to give indications of a positive change in the composition of employment, the number of employees increased by 361,000 while self-employment increased by 6,000. The increase saw those working full-time increase by 412,000 over the year while those working part-time fell by 34,000 over the same period. It is also notable that over the last year employment in the UK has grown faster than in France, Italy, Japan, the EU28 and the G7 average.

A20 The International Labour Organisation (ILO) unemployment rate, which rose from a low of 5.2% in the first quarter of 2008 to peak at 8.4% (2.66m people) in the final quarter of 2011, has subsequently fallen to 7.6% in the third quarter of 2013.

A21 Long-term unemployment (unemployment of 12 months or more) fell by 19,000 over the year up to the third quarter of 2013 to stand at 890,000.

A22 Working age inactivity (16-64) was down by 149,000 over the year at 22.2%. This has been driven by the fall in female inactivity, which has fallen by 129,000 over the year while male inactivity fell by 20,000.

A23 Youth unemployment (16-24) fell 9,000 on the quarter in the three months to September. Excluding people in full-time education (FTE), there were 664,000 unemployed 16-24 year olds in the three months to September, a decline of 13,000 over the quarter, with a corresponding unemployment rate of 19.0%.

A24 The claimant count (the number of people claiming Jobseeker's Allowance) fell for the twelfth consecutive month, declining by 41,700 in October 2013. Table 4A summarises these statistics:

Table 4A: Labour market statistics summary (Levels in 1,000s, rates in %)

	2009	2010	2011	2012	2013 Q3
Employment level (All aged 16 and over)	28,960	29,019	29,166	29,519	29,953
Employment rate (All aged 16-64)	70.9	70.5	70.5	71.1	71.8
Unemployment level (All aged 16 and over)	2,390	2,476	2,564	2,548	2,466
Unemployment rate (All aged 16 and over)	7.7	7.8	8.1	7.9	7.6
Youth unemployment level (All aged 16-24)	912	932	986	992	965
Youth unemployment rate (All aged 16-24)	19.1	19.8	21.1	21.2	21.0
Claimant Count	1,528	1,496	1,534	1,585	1,306

* The latest public and private sector employment figures available are for the second quarter of 2013. These show that private sector employment rose by 114,000 on the quarter and was up by 380,000 over the year. This more than offset the fall in public sector employment which decreased by 34,000 on the quarter and by 104,000 over the year. This takes into account reclassifications of education corporations in the second quarter of 2012.

Public and private sector earnings

- A25** Average total pay growth (including bonuses) increased by 0.7% in the three months to September compared to the same three month period in 2012. Regular pay growth (excluding bonuses) rose by 0.8% over the same period. In the third quarter of 2013 the CPI increased by 2.7% on the year, meaning that real pay growth continued to be negative over this period.
- A26** Average total private sector pay has recovered somewhat from its decline in 2009 but remains relatively weak, growing by just 2.0% in 2010 and 2.5% in 2011, compared to above 4% prior to the recession. Private sector pay growth weakened in 2012 to 1.5% and has continued to weaken into 2013. Total private sector pay weakened in the third quarter of 2013 to grow by 1.1% over the year. Average private sector regular pay grew by 1.4% in 2010. It gained some strength in 2011 to grow by 2.0%, however it weakened in the latter half of 2012, with growth of 1.9% over the year. In 2013 growth has weakened further to just 1.2% and 1.1% in the second and third quarters of this year.
- A27** Public sector (excluding financial services) average regular pay growth was 2.3% in 2010 and 1.8% in 2011. While this recovered slightly in the middle of 2012, growing by 2.4% in the third quarter of 2012, it weakened towards the end of the year and continued to weaken in 2013 growing by 1.2% in the second quarter of 2013 before weakening further to 0.1% in the third quarter of 2013.

A28 The sharp drop in bonuses seen in 2009 put more downward pressure on total pay (pay including bonuses), while there were some tentative increases in the levels during 2010 and 2011, it has remained mostly subdued. Whole economy bonus pay growth has seen large fluctuations during 2013 with a fall of 8.1% in March 2013 but an extremely large single month increase in April 2013 of 62.3% likely due to the timing of annual bonus payments. In September whole economy bonus pay growth on the year was weak at 1.1%.

A29 Table 5A sets out the differences in regular and total pay growth across years in the public and private sector.

Table 5A: regular pay (excluding bonuses) and total pay growth²

	Total Pay, annual growth			Regular pay, annual growth		
	All	Private	Public ³	All	Private	Public ²
2009	-0.1%	-1.0%	2.8%	1.8%	1.2%	3.0%
2010	2.4%	2.0%	2.2%	1.9%	1.4%	2.3%
2011	2.4%	2.5%	1.5%	2.0%	2.0%	1.8%
2012	1.4%	1.4%	1.7%	1.7%	1.9%	1.6%
Q3 2013	0.7%	1.1%	-0.4%	0.8%	1.1%	-0.1%

Public sector pensions

A30 When considering changes to remuneration it is important to consider the overall value of the public sector reward package. As set out above, pay in the public sector continues to be above that of the private sector on average. However, there are many reasons aside from pay that may drive an individual's decision as to whether they will work in the public or private sector.

A31 One major factor in the overall reward package is pension provision. In the last few decades pension provision in the public and private sectors has diverged, in response to pressures around longevity, changes in the business environment and investment risk. This has led to a sharp decrease in the provision of defined benefit schemes in the private sector. Around 85% of public sector employees are members of employer-sponsored pension schemes, compared to only 35% in the private sector.

A32 Following a fundamental review of public service pension provision by the Independent Public Service Pensions Commission, the government is introducing

² Source: ONS, AWE; HMT calculations annual percentage change for quarter one.

³ Public Sector excluding financial services

key changes to the pension element of the remuneration package. New public service pension schemes will be introduced in April 2015, which will:

- calculate pension entitlement using the average earnings of a member over their career, rather than their salary at or near to retirement;
- calculate pension benefits based on Normal Pension Age linked to the member's State Pension Age; and
- include an employer cost cap mechanism, where unforeseen changes in scheme costs are shared by members and employers (based on 2% of the scheme's total pensionable pay bill).

A33 The changes being introduced through the Public Service Pensions Act 2013 will save an estimated £65 billion by 2061-62.

A34 Wider changes to public service pension provision have also taken place. Progressive increases in the amount that members contribute towards their public service pension began in April 2012. Members will contribute an average of 3.2 percentage points more, phased in over three years (increases will be finalised in April 2014). This will deliver £2.8 billion of savings a year by 2014-15.

A35 Protections from the impact of the contribution changes have been put in place for the lowest paid. Those earning less than £15,000 will see no increases; and those earning up to £21,000 (£26,000 for Teachers) will not see increases of more than 1.5 percentage points by 2014-15.

A36 Public service pensions will remain among the best available and will continue to offer members guaranteed, index-linked benefits in retirement that are protected against inflation. Private sector workers buying benefits in the market would have to contribute over a third of their salary each year to buy an equivalent pension.

A37 Putting together the evidence on pension provision and pay levels – and recognising that there will be significant variation between and within individual workforces – the overall remuneration of public sector employees is above that of the market. The government is therefore clear that any changes to public service pensions, including the progressive increase in contributions from 2012-13, do not justify upward pressure on pay.

Annex B: Affordability in schools

Funding for schools in England

- B1** The government has prioritised investment in education as one of our measures to drive long term economic growth, so it is especially important that we protect schools' funding at a time of economic difficulty. It is for this reason that the overall schools budget continues to be protected at flat cash per pupil to the end of this spending review period and will rise as the pupil population grows. The Pupil Premium is additional to this and is targeted at those pupils who need it most.
- B2** Although the overall schools budget will stay at the same level on a per pupil basis, before the addition of the Pupil Premium, individual school budgets will vary from year to year due to changes in local funding formulae. To protect schools from significant budget reductions, we have put in place a Minimum Funding Guarantee (MFG) to the end of this spending review period which ensures that most schools will not experience a reduction in their budgets of more than 1.5% per pupil (excluding sixth form funding) compared to the previous year and before the Pupil Premium is added.
- B3** The government has already made significant changes to local school funding arrangements. It has ensured that schools are funded on a much simpler and more consistent basis, with more money based on the needs of pupils and not on historical decisions.

The schools budget and school spending

- B4** In 2013/14 Dedicated Schools Grant allocations, before recoupment of funding for academies, total £38.068 billion. The Pupil Premium is an additional £1.875 billion in 2013/14 and is set to rise to £2.5 billion in 2014/15. Individual schools' budgets can vary significantly. They reflect both the distribution of funding across the country as well as historic and current decisions that local authorities have taken when allocating funding between schools in the same area.

Spending in schools

- B5** In the financial year 2012-13⁴ LA maintained schools in England spent a total of £29.5 billion. During the same period they generated an income of £1.7 billion, resulting in a total net expenditure of £27.8 billion. Of the total expenditure:
- £267.4 million (0.9%) was spent by LA maintained nursery schools;
 - £17.6 billion (59.7%) was spent by primary schools (which included a number of primary schools with nursery classes);
 - £9.7 billion (32.8%) was spent by secondary schools; and

⁴ SFR54/2013. Available at: <https://www.gov.uk/government/publications/la-and-school-expenditure-financial-year-2012-to-2013>

- £2.0 billion (6.6%) was spent by special schools.

B6 Maintained schools spent £22.4 billion, or 75.9% of their total expenditure, on staffing costs. Of which:

- £14.6 billion (49.6% of total expenditure) was spent on permanent and supply teaching staff (excluding agency supply teachers and supply teacher insurance costs);
- £4.6 billion (15.5%) on education support staff; and
- £3.2 billion (10.8%) on other school staff.

B7 The way in which academies spend their funding is broadly in line with local authority (LA) maintained schools. They spend just over half (53%) of all their spending on teaching staff. Data on spending in academies is not directly comparable with the data collected for local authority maintained schools, however, as academies receive additional funding to reflect the wider responsibilities that are carried out by the local authority for maintained schools.

The pay freeze and the cost of a 1% pay uplift

B8 In the academic year 2013/14 the teacher pay bill is projected to be approximately £22.3 billion. Teachers in England and Wales were subject to a pay freeze from September 2011 to September 2013.

B9 The pay bill would increase by about £260m in 2014/15 if there was a further flat 1% pay uplift awarded to all salaries and relevant allowances⁵. The cost of the pay award alone is estimated at £220m, while the remaining £40m pressure is due to pay drift. Pay drift is partly accounted for by the net effect of progression within the profession, wastage from the profession, and entry and re-entry into the profession.

B10 Schools would need to meet this cost from within their existing budgets. If the recommendations of the STRB proposed a larger award to some teachers than to others there may be schools that saw disproportionate increases in their staffing budget as a result. This would have the potential to create a risk to their financial security.

School budgets in Wales

B11 Responsibility for school funding in Wales sits with the Welsh Government. The education budget in 2013/14 is approximately £2.640 billion. Of this £2.263 billion was in the schools' budget and £377 million in the LEA budget. The funding delegated to schools in 2013/14 is budgeted to be £2.072 billion.

B12 Gross schools' expenditure per pupil is budgeted to be £5,592, a year-on-year increase of 1.3% or £72. Of this £4,601 per pupil is delegated to schools and £992

⁵ This figure includes teachers in academies, who are not bound by the statutory requirements of the STPCD.

per pupil is retained for centrally-funded school services. The amount of funding that local authorities delegate directly to schools ranges between 78% and 85% of overall gross schools budgeted expenditure. Overall, 82% of the total gross schools budgeted expenditure is delegated directly to schools, an increase of 1.3 percentage points compared to the previous year.

B13 The Provisional Local Government Settlement for 2014-15 was published on 16 October 2013. This set out individual authority allocations of core revenue funding for Local Government. The settlement includes an element of the additional funding to extend the First Minister's commitment to protect schools' spending at 1% better than the uplift to the overall Welsh budget. Local authorities are in the process of consulting on their budgets and despite an overall reduction in funding, it is expected the amount relating to schools will increase slightly from 2013-14, allowing for changes in pupil numbers.

Annex C: The teacher labour market⁶

C1 In November 2012 there were approximately 437,700 FTE teachers. Table 1C shows the FTE numbers of teachers in England split by grade and phase. The majority of teachers are classroom teachers (over 363,000 FTE). There are approximately 60,500 leadership teachers and 14,000 unqualified teachers.

Table 1C: Full-time equivalent teachers (FTE) by grade and phase, publicly-funded schools (England, November 2012)

	Nursery	Primary	Secondary	Special	Total*
Head	350	15,980	3,270	910	20,920
Deputy Head	150	11,550	5,330	920	18,240
Assistant Head	60	7,760	12,050	1,080	21,280
Classroom teachers	750	161,130	182,080	11,590	363,180
Unqualified teachers	40	4,040	7,930	1,030	14,120

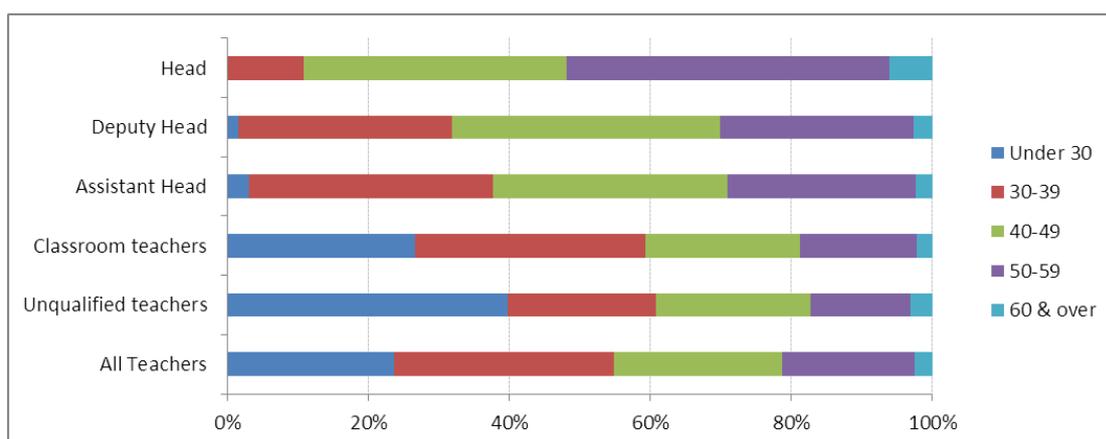
*Total includes centrally employed teachers

Source: School Workforce Census, November 2012

The teaching workforce

C2 21% of all FTE teachers in publicly-funded schools were aged 50 and over, whilst 24% of teachers were aged under 30. Unqualified teachers held the largest proportion of teachers under 30 at 40%. Age distributions by grade are shown in Figure 1C.

Figure 1C: Full-time equivalent teachers (FTE) in publicly funded schools by grade and age (England, November 2012)

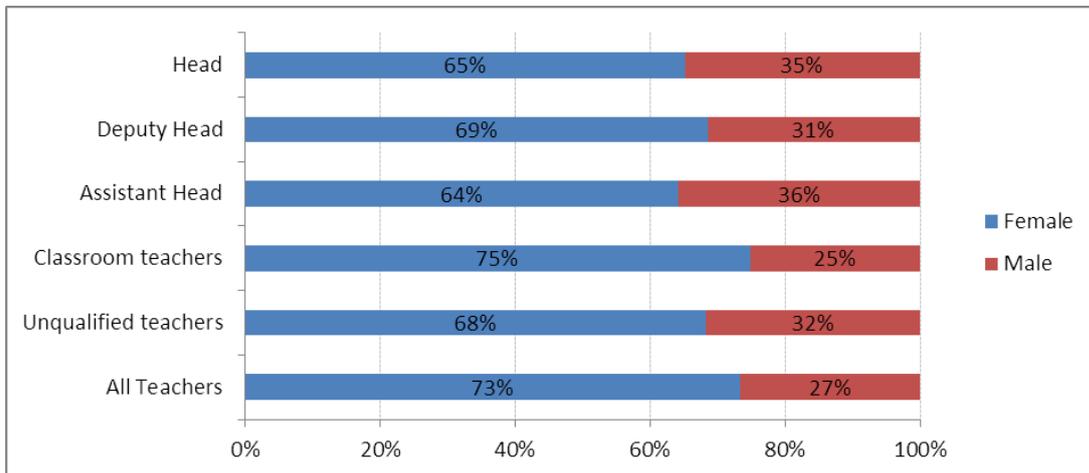


Source: School Workforce Census, November 2012

⁶ All figures taken from the School Workforce Census (SWC) 2012 and are England only unless otherwise stated. This data may not exactly match the 2012 School Workforce Statistical First Release (SFR) since the SFR makes adjustments for schools who failed to make a census return, and this data does not. In addition the SFR is based on total numbers of contracts recorded whereas this analysis has been performed on a dataset where some duplicates have been removed.

C3 73% of teachers at all grades are female. For classroom teachers the proportion is slightly higher at 75%. For the leadership group and unqualified teachers, the percentage of female teachers is less than 70%. Figure 2C shows the proportions of females and males for each grade.

Figure 2C: Full-time equivalent teachers (FTE) in publicly funded schools by grade and gender (England, November 2012)



Source: School Workforce Census, November 2012

C4 Table 2C shows the ethnic background of teachers in England by grade. The percentage of teachers with a non-white ethnic background decreases as grade increases. The highest percentage of teachers with a non-white background is observed for unqualified teachers and the lowest percentage of teachers with a non-white background is observed for headteachers.

Table 2C: Distribution of full-time equivalent teachers (FTE) by grade and ethnicity in publicly funded schools. (England, November 2012)⁷

	Head	Deputy Head	Assistant Head	Classroom teachers	Unqualified teachers	Total
White	97.5%	96.4%	94.8%	92.7%	89.3%	93.1%
White British	94.4%	93.0%	91.2%	87.6%	80.2%	88.1%
White Irish	1.8%	1.8%	1.6%	1.7%	1.3%	1.7%
Any Other White Background	1.3%	1.7%	2.0%	3.4%	7.7%	3.3%
Black	0.9%	1.2%	1.7%	2.0%	3.5%	2.0%
Black African	0.1%	0.2%	0.4%	0.8%	1.2%	0.7%
Black Caribbean	0.6%	0.8%	1.1%	1.0%	1.9%	1.0%
Any Other Black Background	0.1%	0.1%	0.2%	0.2%	0.5%	0.2%
Asian	1.0%	1.5%	2.4%	3.6%	4.1%	3.3%
Bangladeshi	0.0%	0.1%	0.2%	0.4%	0.5%	0.3%
Indian	0.6%	0.9%	1.3%	1.7%	1.9%	1.6%
Pakistani	0.2%	0.3%	0.6%	0.9%	1.1%	0.8%
Any Other Asian Background	0.1%	0.2%	0.4%	0.5%	0.6%	0.5%
Mixed	0.5%	0.6%	0.7%	1.0%	1.7%	1.0%
White and Black African	0.1%	0.0%	0.1%	0.1%	0.2%	0.1%
White and Black Caribbean	0.1%	0.2%	0.2%	0.2%	0.6%	0.2%
White and Asian	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Any Other Mixed Background	0.1%	0.2%	0.3%	0.4%	0.6%	0.4%
Chinese	0.0%	0.0%	0.1%	0.2%	0.3%	0.2%
Any Other Ethnic Group	0.1%	0.2%	0.4%	0.5%	1.1%	0.5%
All teachers	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

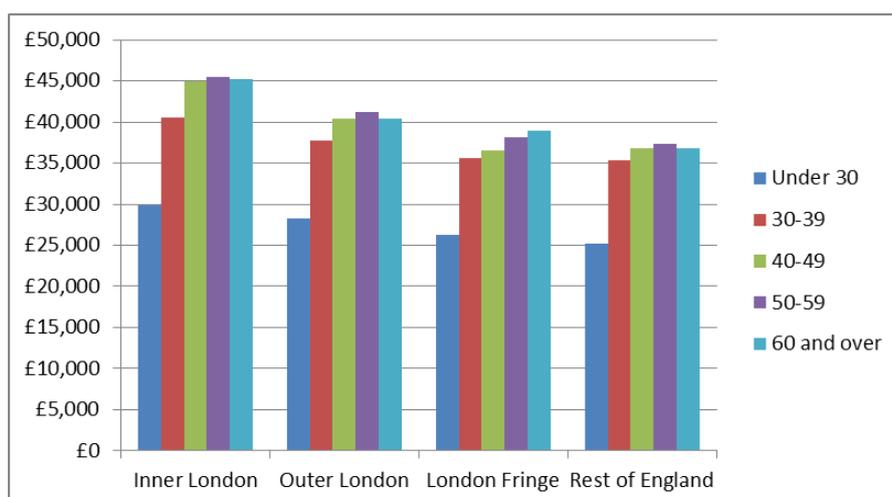
Source: School Workforce Census, November 2012

Classroom teacher salaries

- C5** The starting salaries for classroom teachers in the Rest of England and Wales pay band (the lowest of the four regional pay bands) are £21,804 for a qualified teacher and £15,976 for an unqualified teacher. Teachers' salaries are largely driven by the location of the school they work in and their level of experience. Figure 3C shows median salaries of classroom teachers by pay band and age.
- C6** However, analysis of the November 2012 School Workforce Census (SWC) also shows that the overall level of pay varies between phase and sector. Figures 4C and 5C show that average salaries for full-time, qualified classroom teachers are higher in secondary schools than in primary schools, across both the maintained and academy sectors.
- C7** In inner and outer London primary schools the average salaries are higher in maintained schools than in academy converters, whilst in secondary schools, classroom teachers in sponsor-led academies consistently have the lowest salaries in each of the four pay bands. However, this analysis does not allow for like for like comparison of characteristics. For example, if teachers in sponsor-led academies are less experienced on average than those in maintained schools, then they won't demand as high salaries. Other analysis suggests that on average academies use allowances less than maintained schools.

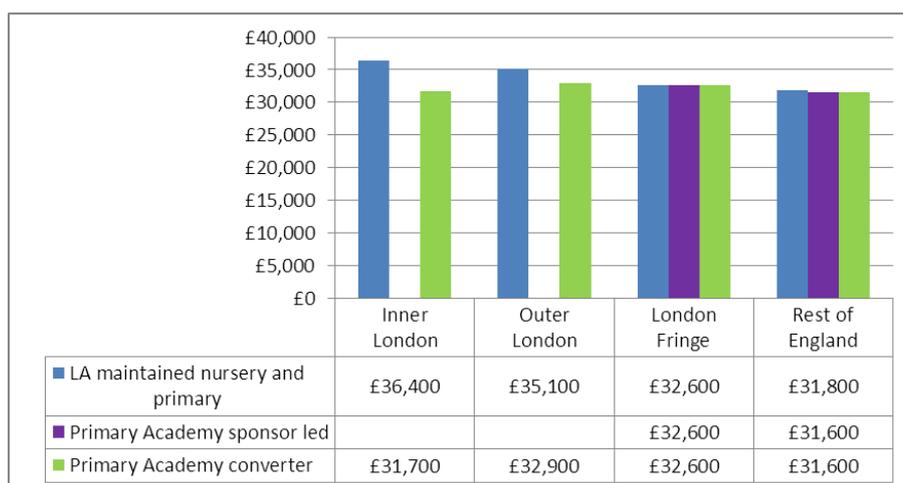
⁷ Percentages are out of a total of those with ethnicity information recorded in the census (over 95% of all teachers)

Figure 3C: Average (median) salaries of full-time qualified classroom teachers in publicly funded schools, by age of teacher⁸



Source: School Workforce Census, November 2012

Figure 4C: Average (median) salaries of full-time qualified classroom teachers in primary schools by region and school type⁹

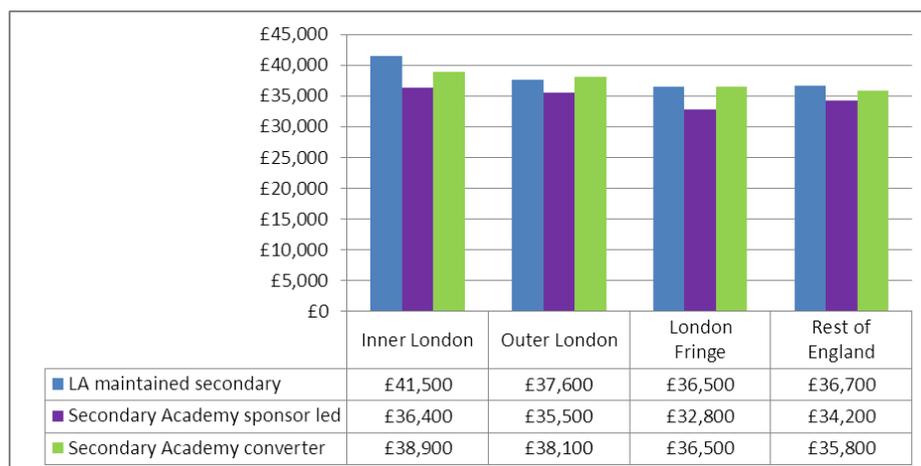


Source: School Workforce Census, November 2012

⁸ Excludes centrally employed teachers

⁹ Excludes special schools, free schools, CTCs, UTCs, studio schools, all through academies and centrally employed staff.

Figure 5C: Average (median) salaries of full-time qualified classroom teachers in secondary schools by region and school type¹⁰



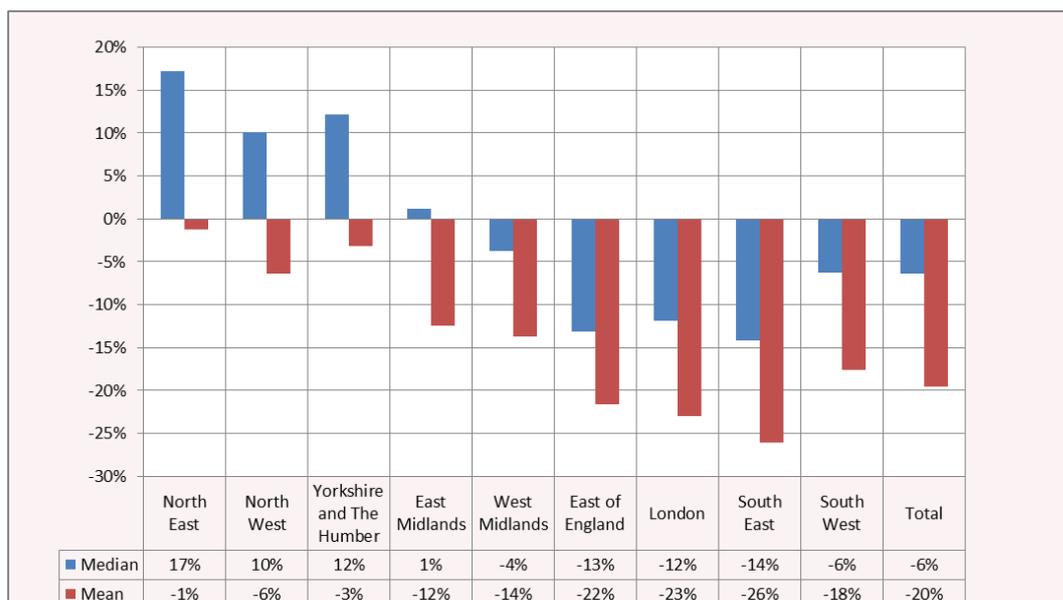
Source: School Workforce Census, November 2012

- C8** Figure 6C shows that the median pay of classroom teachers is higher than private sector graduate professionals¹¹ in the North East, North West, Yorkshire and the Humber and the East Midlands. In the West Midlands, East of England, London, South East and South West, the median pay of classroom teachers is lower than that of private sector graduate professionals.
- C9** The mean classroom teacher salary is lower than that of a graduate professional in all regions. This can be explained by the existence of some graduate professionals earning very high salaries, which are inflating the value of the mean, but have little effect on the median. Classroom teachers are less likely to be paid salaries at very high levels due to the maximum salary restrictions of the STPCD.
- C10** Pay is only part of the total compensation package and this analysis does not take into account additional elements offered in the different professions, such as the pension provision and the offer of healthcare benefits. Graduates would also base their career decisions on other factors such as future career/promotion prospects, job security and work/life balance.
- C11** This analysis does not compare workers with like-for-like characteristics and the comparison would be quite different if factors such as gender and age were controlled for. Female teachers generally fare better than male teachers when compared to graduates. The earnings gap between teachers and graduates of the same age varies but is generally smaller at younger ages.

¹⁰ Excludes special schools, free schools, CTCs, UTCs, studio schools, all through academies and centrally employed staff.

¹¹ In this pay comparisons analysis graduate professionals refer to those in occupations that are classified as “professional occupations” and “associate professional and technical occupations.” “Managers, directors and senior officials” are excluded and similarly the leadership groups have been excluded from the teacher cohort.

Figure 6C: Percentage difference in average (mean and median) salaries - classroom teachers¹² salaries vs. private sector graduate professional salaries 2012/13¹³



Source: School Workforce Census November 2012(teachers), Labour Force Survey (graduate professionals)

C12 Figure 7C shows real term earning values¹⁴ of classroom teachers and private sector graduates 2002/03 to 2012/13, not accounting for any regional variation. While all three averages have fallen in the latest year, those for private sector graduates appear to have fallen slightly less steeply than teachers, particularly classroom teachers. The changes in their salaries could be due to graduates staying in the same occupations over time and seeing their salaries decrease, or alternatively it could be that graduates are now working in lower paid occupations than in earlier years.

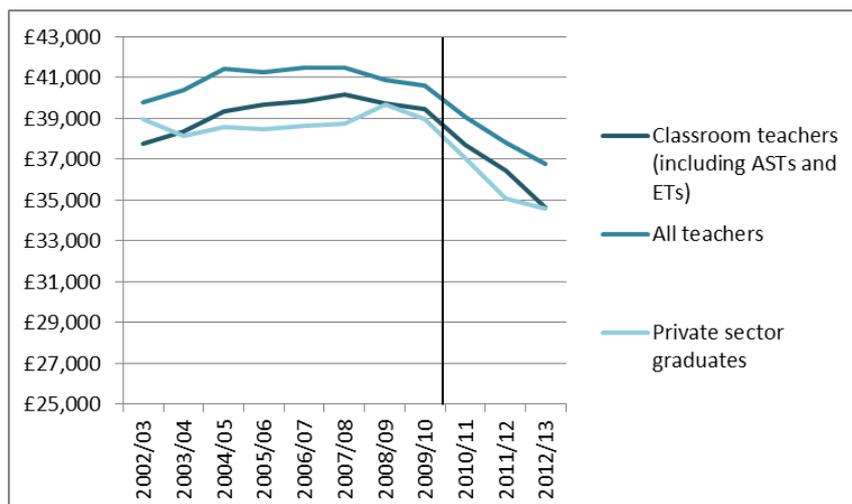
C13 From 2002/03 to 2012/13 classroom teacher median salaries and overall teacher median salaries have both seen a drop of 8% in real terms whereas the median salaries of private sector graduates have seen a drop of 11%.

¹² Classroom teachers: full-time, qualified, includes Advanced Skills Teachers and Excellent Teachers, only includes those being paid on the pay scale corresponding to their post (i.e. excludes any on leadership pay scales)

¹³ Graduate cohort includes employees who worked in past week, full-time in main job, with highest qualification is a degree or equivalent, professional occupation or associate professional and technical occupation. The national total for graduates includes Wales, whereas for classroom teachers it is England only.

¹⁴ Using CPI as the measure of inflation, consistent with ONS published analysis of changes in real wages.

Figure 7C: Average (median) salaries in real terms¹⁵ over time¹⁶



Source: Database of Teacher Records (prior to 2010) and School Workforce Census (from 2010).
Graduates: Labour Force Survey (all years)¹⁷

Vacancies

C14 Table 3C shows vacancy rates by English regions between 2001 and 2012. The dotted line indicates a change in data source prior to the final two years in the series. From November 2010, vacancy rates are based on a census date in November (prior rates were based on a census date in January, a time of the year in which schools would be expected to have more vacancies than in November). A general decline in vacancy rates and the change in census date accounts for the large drop between January 2010 and November 2010.

Table 3C: Vacancy rates in publicly funded schools by region (England, November 2012)

Region	Vacancy rate (as a percentage of teachers in post)										Nov 2010	Nov 2011	Nov 2012
	Jan 2001	Jan 2002	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Jan 2007	Jan 2008	Jan 2009	Jan 2010			
North East	0.8	0.6	0.7	0.5	0.4	0.4	0.4	0.5	0.4	0.5	0.2	0.1	0.1
North West	0.5	0.6	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1
Yorkshire and the Humber	0.5	0.9	0.6	0.5	0.6	0.5	0.5	0.7	0.5	0.4	0.1	0.1	0.2
East Midlands	0.7	0.9	0.5	0.4	0.4	0.4	0.3	0.5	0.5	0.3	0.1	0.1	0.1
West Midlands	0.9	1.1	0.8	0.7	0.7	0.6	0.6	0.9	0.9	0.6	0.1	0.1	0.2
East of England	1.7	1.7	1.2	0.9	0.8	0.8	0.7	0.8	0.9	0.5	0.1	0.1	0.1
London	3.5	2.7	2.1	1.4	1.3	1.2	1.0	1.1	0.9	0.6	0.1	0.1	0.1
South East	2.0	1.4	1.2	0.8	0.7	0.7	0.6	0.8	0.6	0.4	0.1	0.1	0.1
South West	0.6	0.5	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.2	0.1	0.1	0.1
England	1.4	1.2	0.9	0.7	0.7	0.6	0.6	0.7	0.6	0.4	0.1	0.1	0.1
England (excl. London)	1.0	1.0	0.8	0.6	0.6	0.5	0.5	0.6	0.6	0.4	0.1	0.1	0.1

Source: 618g Survey and School Workforce Census

C15 The Local Government Workforce Survey (2011/12) reports a median average

¹⁵ At 2012/13 levels, using CPI as the measure of inflation, consistent with ONS published analysis of changes in real wages.

¹⁶ Unlike the previous three charts, this analysis is not limited to professional graduates due to inconsistencies in the time series of the Standard Occupational Classification. Instead, graduates from all occupations are included in this analysis.

¹⁷ Coverage: From 2010: England and Wales, post-2010 onwards: Graduates – England and Wales, Teachers - England only.

annual vacancy rate on 1 April 2012 of 5% across all English authorities (based on a 48% response rate), suggesting teacher vacancy rates compare favourably to those in other publicly-funded professions.

C16 Vacancy rates have remained fairly low and stable in the last three years, with only Yorkshire and Humber and the West Midlands seeing a slight increase in the latest year. In earlier years London seemed to have the highest vacancy rates, though this seems to no longer be the case. The vacancy rate for England overall has remained stable at 0.1% in the last three years.

C17 At secondary level, after a drop in the vacancy rate between November 2010 and November 2011, table 4C shows that the number of full-time classroom teacher vacancies and temporary filled posts has increased from 520 in 2011 to 800 in 2012. The rate has also increased from 0.3% to 0.5%. In line with historical trends, above average vacancy rates continue to be seen for mathematics, information technology and English.

Table 4C: Full-time classroom teacher vacancies and temporary filled number¹⁸ of posts¹⁹ and rates in publicly funded secondary schools and academies by subject²⁰

	VACANCIES AS A PERCENTAGE OF TEACHERS IN POST			NUMBER OF VACANCIES		
	2010	2011	2012	2010	2011	2012
ALL VACANCIES	0.4	0.3	0.5	630	520	800
MAIN TEACHING SUBJECT						
Mathematics	0.7	0.5	0.7	120	100	140
Information technology	0.5	0.4	0.5	40	30	30
All sciences	0.4	0.4	0.6	80	90	140
Languages	0.3	0.4	0.5	30	40	50
English	0.5	0.4	0.7	110	80	150
Drama	0.3	0.1	0.1	10	-	-
History	0.2	0.3	0.2	10	20	20
Social sciences	0.6	0.3	0.6	20	10	30
Geography	0.2	0.2	0.4	10	10	20
Religious education	0.3	0.2	0.4	10	10	20
Design and technology	0.4	0.2	0.4	40	20	40
Commercial/business studies	0.5	0.1	0.2	20	-	10
Art/craft/design	0.2	0.1	0.2	10	10	10
Music	0.2	0.2	0.5	10	10	20
Physical education/sport/dance	0.2	0.1	0.1	30	20	20
Careers	-	-	-	-	-	-
Other main and combined subjects	0.5	0.4	0.5	50	50	50
Unknown subjects	.	.	.	30	20	40

Source: School Workforce Census, November 2010, November 2011 and November 2012

¹⁸ Advertised vacancies for full-time permanent appointments (or appointments of at least one term's duration). Includes vacancies being filled on a temporary basis of less than one year

¹⁹ Teachers in post include full-time qualified regular teachers in (or on secondment from) publicly funded secondary schools

²⁰ Totals may not appear to equal the sum of the component parts because of rounding.

C18 Table 5C shows the proportion of hours taught by non-specialist teachers in EBacc subjects. There continues to be a shortage of specialist science teachers, with 26.1% of all hours taught in Physics and 20.2% of all hours taught in Chemistry taught by non-specialist teachers. There are also above average proportions of non-specialist hours for modern foreign languages, although this definition of 'specialist' does not take into account the native tongue of the teacher²¹.

Table 5C: Number of 'specialist'²² teachers and percentage of hours taught by 'non-specialist' teachers in publicly funded schools (England, November 2012)

EBacc subject	<i>Number of 'specialist' teachers in subject</i>	<i>% of hours taught by 'non-specialist'</i>	<i>Number of additional 'specialist' teachers needed to teach the 'non-specialist' hours</i>
Mathematics	25,220	17.9%	5,500
English	29,240	15.3%	5,290
Physics	3,950	26.1%	1,400
Chemistry	5,450	20.2%	1,380
Biology	7,580	13.8%	1,210
Combined / General science *	29,950	9.3%	3,080
History	11,500	15.1%	2,040
Geography	9,670	17.7%	2,080
French*	10,770	25.4%	3,670
German*	3,600	26.4%	1,300
Spanish*	3,370	42.2%	2,460
Other modern languages*	1,160	60.3%	1,760

Source: School Workforce Census, November 2012

Demand

C19 The Department sets the National College for Teaching and Leadership (NCTL) targets for recruitment to Initial Teacher Training (ITT) courses informed by the Teacher Supply Model (TSM). The main purpose of the TSM is to determine the optimum number of ITT places in England in order to match future teacher supply with future teacher demand as closely as possible. The future demand is determined using assumed Pupil Teacher Ratios (PTRs). These are determined from our best estimates for the number of teachers required to implement the Department's policy initiatives and the projected number of pupils in schools. It also takes into account other flows within the existing stock of teachers such as those leaving the profession (wastage) and retiring as well as those expected to return to teaching in the state-funded sector. Further information on recruitment to ITT is in Annex D.

C20 Overall pupil numbers (aged up to and including 15²³) in state-funded schools began to increase in 2011 and are projected to continue rising. As illustrated in

²¹ For example, a teacher who speaks French as a first language but who did not hold a post-A level qualification in 'French' would not be counted as a specialist

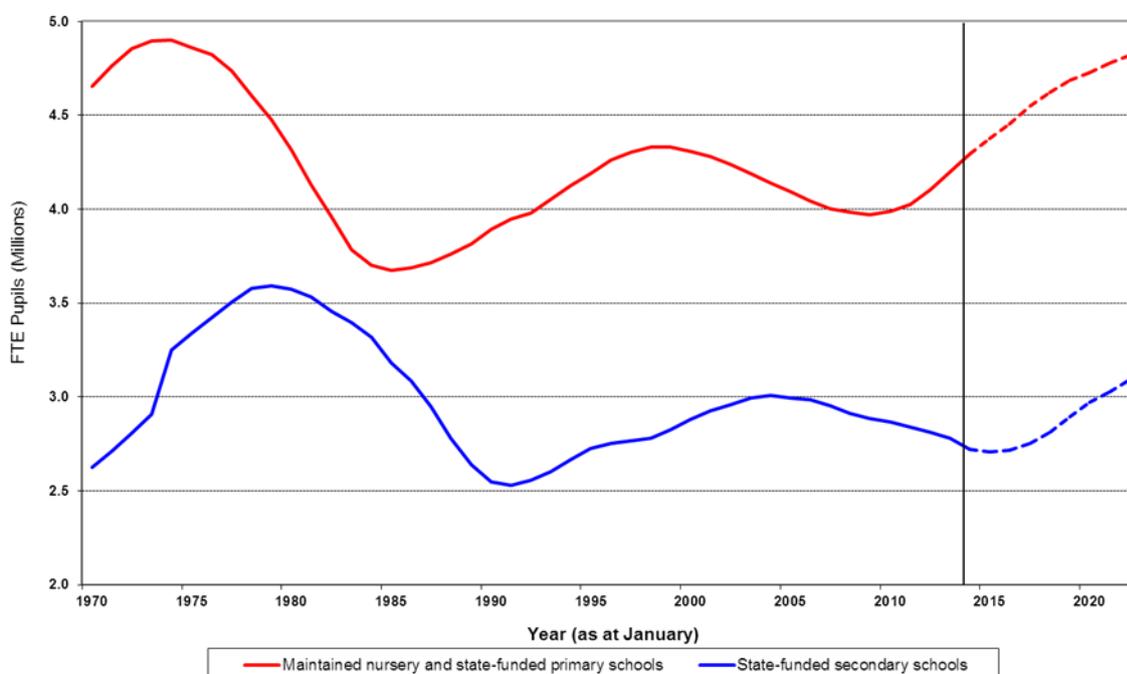
²² Teachers qualified in biology, chemistry or physics are treated as qualified to teach both combined/general science and other science

²³ All pupil numbers are as at January, by age at previous 31 August

figure 8C, numbers in maintained nursery and state-funded primary schools in 2022 are projected to be 15% higher than in 2013, reaching levels (around 4.8 million) last seen in the 1970s. Between 2013 and 2017, pupil numbers in maintained nursery and state-funded primary schools are projected to increase by 8% (from 4.2 to 4.5 million).

C21 Whilst the Department aims to estimate future teacher demand, decisions taken at school level will determine the actual number of teachers required. Wider evidence of international experience shows that even when supply and demand for teachers are in balance many countries face shortages of specialist teachers and shortages in schools serving disadvantaged or isolated communities²⁴.

Figure 8C: Full-time equivalent number of pupils (aged up to and including 15) in state-funded school in England by phase – January 1970 to 2013 (actual) – January 2014 to 2022 (Projection)²⁵



Source: School Census, School Level Annual School Census and Pupil Referral Unit Census (actuals); DfE Pupil Projection Model – PT285 (projections)

C22 Long-term projections of pupil numbers are at a national level. The Office of National Statistics (ONS) produce shorter-term projections of the numbers of the school-aged population by region. By 2016, all regions in England are projected to have an increase in their primary aged population (aged 5 to 10) compared with 2011. There is some variation by region, ranging from around 9% in the North West and West Midlands to 13% in the East of England. The population aged 11 to 15 is projected to decline in all regions each year up to and including 2014, with

²⁴ OECD, *Preparing Teachers and Developing School Leaders for the 21st Century: Lessons from Around the World*, (2012), Ch. 3.p58

²⁵ Projections use the mid-2011 based interim sub-national population projections produced by the Office for National Statistics (ONS).

some regional variation in the years following. In 2015, the 11 to 15 population in London is projected to stabilise, but in all other regions this age group will continue to decline until 2016, when numbers in all regions except the North East and the South West will start to recover or stabilize. The North East is projected to experience the greatest decrease in this age group – 9% between 2011 and 2016.

Vacancies and demand in Wales

- C23** The total number of teacher vacancies in nursery, primary and secondary schools at January 2013 was 86 compared with 93 at the same point in January 2012. The total nursery, primary and secondary vacancy rate in January 2012 was 0.3% compared to 0.4% in January 2012²⁶.
- C24** The statistics for advertised vacancies in Wales show that between 1 January and 31 December 2012, 788 teacher vacancies were advertised for primary schools with an average of 25 applications received per vacancy for every post advertised; 882 teacher vacancies were advertised for secondary schools with an average of 12 applications received per vacancy; and 16 teacher vacancies were advertised for middle schools with an average of three applications received per vacancy²⁷.
- C25** The latest published projections for pupil numbers (based on the school population of Wales at January 2011) show primary pupil numbers rising by 34,000 between 2013 and 2022. The latest published projections for pupil numbers suggest secondary pupil numbers falling by 14,100 overall between 2013 and 2017/18, but then returning to the current level by 2022/23.

²⁶ Source: Statistical First Release SDR 101/2013 - Teachers in Service, Vacancies and Sickness Absence: January 2013

²⁷ Source: Welsh Government Schools Census

Annex D: Recruitment to teacher training

- D1** Each year, the government projects the number of new trainee teachers that will be required over the next five to ten years to ensure there are enough teachers in the state-funded school system (in England). These estimates are reflected in indicative numbers published²⁸ by the Department and the NCTL in relation to ITT recruitment.
- D2** The overall number of trainee teachers required for the 2013 recruitment round, for both the primary and secondary phases, was estimated to be 34,470.
- D3** Provisional recruitment data from NCTL's ITT trainee census 2013 suggests that we have reached 96% of all required trainees in all secondary and primary programmes.
- D4** Table 1D shows recruitment to primary phase against targets for the past three years.

Table 1D: Recruitment to primary stage ITT 2011/12-13/14

	Entrants	Target	Recruitment rate (%)
2011/12	20,270	19,730	102.7%
2012/13	20,760	20,840	99.6%
2013/14	19,820	20,625	96%

Source: NCTL, ITT Census

- D5** Table 2D shows recruitment to secondary phase broken down by English Baccalaureate subjects. There are a number of subjects that have not achieved the required numbers this year.
- D6** Each year, there are approximately 45,000 new teachers in English state schools. Of these, around half (23,500) are newly qualified teachers (NQTs), a third (14,700) qualified earlier²⁹, and a fifth (8,200) are returning to teaching³⁰. We do not assume that all trainees will complete their training successfully and/or teach immediately in a state school, and that is built into our estimates of the numbers required.³¹
- D7** Teacher Supply Model (TSM) outputs are smoothed from one academic year to another to prevent large swings in training supply and the disruption this would cause to the sector. This means that anomalies for individual years can be

²⁸ <https://www.gov.uk/government/publications/initial-teacher-training-trainee-number-census-2013-to-2014>

²⁹ Teacher has no known service in the English publicly funded schools sector, and qualified before the previous calendar year.

³⁰ Teacher was not in service in the previous year, but had some previous service in the English publicly funded schools sector.

³¹ Proportions of new teachers based on School Workforce Census data November 2012.

corrected without major disruption to the overall long-term balance of training places.

Table 2D: Recruitment to ITT courses for English Baccalaureate subjects – percentage of target

Subject	2011/12	2012/13	2013/14 (Provisional³²)
English	109%	114%	128%
Mathematics	101%	89%	90%
Physics	94%	92%	72%
Chemistry	121%	108%	127%
Biology	123%	93%	95%
Modern and ancient languages ³³	95%	103%	83%
Geography	112%	99%	99%
History	119%	121%	143%
Computer science	N/A	N/A	57%

Source: NCTL, ITT Census

D8 Previous years' over-recruitment will give some protection against one year's under-recruitment. Any shortfalls/over-recruitment in 2013/14 will be accommodated in the TSM in future years. Recruitment to STEM subjects is always very challenging especially when the economy is recovering. In addition, computing has been introduced as a new subject, which has provided further challenge in terms of public understanding. We are taking a number of steps to address these issues for 2014/15 recruitment by:

- removing the cap on allocations for physics and mathematics for schools and providers
- increasing bursaries and scholarships for postgraduate ITT recruitment
- increasing the number of allocated School Direct training programme (salaried) places from 3,410 to 3,960, to encourage more career changers to train as teachers
- reforming the subject knowledge enhancement programme to increase access
- working closely with relevant subject associations to promote computer science and design and technology

³² 2012/13 and 2013/14 recruitment for Physics includes courses designated as physics with mathematics

³³ Compromises modern foreign languages and classics for 2013/14.

The quality of new recruits 2013/14

D9 The 2013/14 census data shows that the provisional overall proportion of trainees with a 2:1 or higher is 74%. This is a rise of three percentage points on the same result in 2012, and nine percentage points since 2011. The overall proportion of trainees with a first class degree has also risen from 14% to 16%. The proportions of trainees with a 2:1 and with a first class degree are the highest recorded since this data was first collected in 2008/09.

D10 The provisional data in table 3D indicates that, whilst the overall volume of trainees has reduced, the proportion with a 2:1 or above has continued to increase in 2013/14. The proportion of first year postgraduate trainee teachers that hold a degree classified as 2:1 or higher has improved in all the EBacc subjects between 2011/12 and 2013/14.

Table 3D: Proportion first year postgraduate trainees with a 2:1 or higher classified degree, 2011/12-2013/14 (provisional at November 2013) (selected subjects only)

Subject	2011/12	2012/13	2013/14
English	77%	82%	84%
Mathematics	54%	62%	67%
Biology	67%	73%	74%
Chemistry	55%	64%	65%
Physics	46%	62%	63%
Modern and ancient languages	63%	73%	80% ³⁴
Geography	72%	75%	76%
History	82%	87%	88%
Total Secondary	64%	72%	75%
Primary	68%	70%	73%
Total	65%	71%	74%

Source: NCTL, ITT Census

Bursaries and scholarships

Bursaries

D11 The government's ITT strategy, published in November 2011, proposed new financial incentives, including higher bursaries than in previous years, particularly for trainees with good degrees in subjects which are traditionally hard to recruit to. From 2012/13 bursaries have been differentiated to provide a stronger focus on shortage subjects and high quality candidates.

³⁴ The target for 2013/14 was for modern and ancient languages including classics. If classics trainees are removed the percentage for modern language entrants with a 2:1 or higher would be 77%.

D12 In 2013/14 trainees with a first class degree who want to apply to teach physics, chemistry, maths and languages were eligible to receive a £20,000 tax free bursary. Those with a 2:1 or 2:2 were eligible to receive £15,000 and £12,000 respectively and there were no bursaries for people with a third. In addition, a bursary uplift of £2,000 was offered to trainees on designated primary maths or primary PE specialist courses. Table 4D summarises the bursaries available for different trainees in 2013/14.

Table 4D: Bursaries for ITT in 2013/14

Training bursary 2013/14	ITT subject/phase			
	Physics, chemistry, maths ³⁵	Modern languages	Primary specialist ³⁶	Other priority secondary and primary ³⁷
Trainee with first	£20,000	£20,000	£11,000	£9,000
2:1	£15,000	£15,000	£6,000	£4,000
2:2	£12,000	£12,000	£0	£0
Free school meals (FSM) premium	25% premium paid on the above bursaries/scholarships to School Direct trainees whose training is based in a school where more than 35% of pupils are eligible for free school meals			

D13 The scheme also gives flexibility in exceptional circumstances for trainees to receive a higher bursary than their degree class would otherwise allow, such as where they have significant relevant work-experience.

³⁵ Trainee teachers in physics, chemistry and maths with a 2:1 or first are able to apply for £20,000 scholarships with the relevant subject association group. Scholarships are paid instead of the ITT bursary.

³⁶ Trainee teachers on designated primary maths or primary PE specialist courses only receive a bursary uplift of £2,000 on top of the standard bursary, up to a maximum of £11,000. Trainees on a designated primary maths course must have a B or better at maths A-level to qualify for the bursary uplift.

³⁷ Other priority secondary subjects include English, geography, history, computer science, Latin, Greek, music, biology and physical education. Trainee teachers in computer science with a 2:1 or first are able to apply for a £20,000 scholarship. The Scholarship is paid instead of the ITT bursary.

Scholarships

D14 ITT Scholarships are intended to attract the highest quality applicants to ITT. For 2013/14 entry, scholarship schemes have supported recruitment to maths, physics, chemistry and computer science. All successful scholars, who are generally required to have a first or a 2:1 degree, receive an award of £20,000 and are supported by subject associations through their training and early teaching career.

D15 Table 5D provides details of performance in 2013/14. Scholarships are designed to recognise the very best applicants who have excellent subject knowledge and outstanding potential to teach. The organisations who award the scholarships set the bar high in their assessment and selection of ITT scholars.

Table 5D: Scholarships in 2013/14

Subjects	2013/14 Scholarships		
	Number available	Applications	Awarded
Chemistry	130	337	71
Computer Science	50	312	57
Maths	150	338	91
Physics	100	663	102
Total	430	1,650	321

D16 In 2014/15 we have increased the value of ITT scholarships to £25,000 for maths, physics, chemistry, and computing, and we are increasing the number of places available from 430 to 680. We are also increasing the value of bursaries for maths, physics, and computing and equalising them for people with a first or 2:1, reflecting the fact we need to do more to attract the top graduates in these subjects. A summary of all the bursaries and scholarships available to trainees in 2014/15 is in Table 6D.

D17 In addition to increasing the value of scholarships and bursaries, we are introducing a bursary of £9,000 for graduates with good A-Levels in maths or physics who train to teach physics or maths. There is no specified degree class but they will be expected to have a relevant degree and at least a B at A-level.

D18 All EBacc subjects, as well as music, will continue to receive a bursary, reflecting the importance of those subjects. Computer Science is a new subject for ITT this year and sets out to refocus ICT to a more computing-based approach to the subject area. The subject needs to recruit trainees who have excellent ability in this area and so faces a new challenge for ITT.

Table 6D: Bursaries and scholarships available to trainees in 2014/15

Training bursary 2014/15 ³⁸	ITT subject/phase					
	Physics, maths	Computer Science	Chemistry	Languages	Other priority secondary ³⁹ and primary	Primary maths specialists ⁴⁰
Scholarship ⁴¹	£25,000	£25,000	£25,000	-	-	-
Trainee with first	£20,000	£20,000	£20,000	£20,000	£9,000	£11,000
2:1	£20,000	£20,000	£15,000	£15,000	£4,000	£11,000
2:2	£15,000	£15,000	£12,000	£12,000	£0	£6,000
Other ⁴²	£9,000	£0	£0	£0	£0	£0

School-based ITT

D19 Table 7D shows the proportion of trainees in 2013/14 who came through the three routes recorded in the ITT Census.

Table 7D: Proportion of trainees training through each ITT route 2013/14

Core Postgraduate	Schools Direct	Undergraduate	Total
64%	19%	17%	100%

Source: NCTL ITT Census

Teaching Schools and school-based ITT

D20 There are now 357 Teaching Schools in England, with 4,847 schools involved in Teaching School Alliances. Teaching Schools lead the school system in training and developing outstanding teachers. Their remit includes both the development of

³⁸ School Direct trainees whose training is based in a school where more than 35% of pupils are eligible for free school meals (FSM) will receive a 25% increase on the above bursaries/scholarships.

³⁹ Other priority secondary subjects are English, history, biology, geography, music, and design and technology.

⁴⁰ Available to trainees with a B or better at maths A-level on primary maths specialist courses only. Those who do not have a B or higher at maths A-level, or those who train on general primary courses, will receive the normal primary bursary for their degree class.

⁴¹ Trainee teachers in maths, physics, chemistry and computing with a 2:1 or first are able to apply for scholarships with the relevant subject association group. Applicants for the scholarships will be subject to a competitive process. Trainees who hold the scholarship will not also be eligible for the standard Department for Education (DfE) bursary. Trainees who are not awarded a scholarship will continue to be eligible for the standard bursaries in 2014/15.

⁴² Trainee teachers in maths and physics with a relevant degree and at least a B at A-level in maths or physics (or equivalent) will be eligible for a bursary of £9,000. Trainees will not be entitled to this bursary if they are also entitled to a higher bursary based on degree class.

existing teachers through professional development opportunities such as peer-to-peer training, coaching and mentoring, as well as training new teachers.

- D21** Teaching schools co-ordinate ITT in schools across their alliance in their role as system leaders, to improve the range and quality of trainees' experience. By 2015, we expect half of all teacher training places to be led by schools, taking into account School Direct places, those allocated to school-centred ITT providers (SCITTS) and Teach First.

School Direct

- D22** School Direct was launched as a pilot with the School Direct Training Programme (tuition fee places) in February 2012. The School Direct (salaried) route was introduced in 2013/14 offering employment-based places to career changers.
- D23** In 2013/14 some 850 lead schools were involved in School Direct, representing partnerships of around 6,000 schools. Demand from schools is increasing and in 2014/15 955 lead schools have requested just over 17,700 places.
- D24** Early indications, based on returns from just over half of schools, are that over 90% of those that completed their training on School Direct have found jobs as teachers, with over half being employed within the SD partnership.

School-centred initial teacher training (SCITT)

- D25** Some of the best schools are taking on full responsibility for the design and delivery of training by gaining accreditation as a school-led and SCITT provider.
- D26** There are currently 76 ITT providers which are school-led and the school is the legal entity. NCTL is providing further support to schools that wish to become accredited and reduced the accreditation criteria from 34 to 24 following consultation with recent SCITTS to balance the resource required from schools seeking accreditation whilst maintaining quality and financial assurance.
- D27** 28 SCITTS are led by teaching schools. 18 new SCITTS have been accredited since 2012, nine of which were accredited in the last four months. Eight new SCITTS are due to start from 2014, an increase from six in 2013 and three in 2012.

Teach First

- D28** The government is also continuing to build on Teach First's outstanding record in recruiting top graduates into teaching in challenging schools.
- D29** The recruitment target figures in 2009/10 were 560. In 2013/14, 1,250 places were offered in 2013/14, including placements in the new South West and south coast regions, and the expansion into the primary phase continues.
- D30** In 2014/15 Teach First will expand into the Eastern region, giving it a presence in every region of the country and allowing it to place participants in more schools in

low income communities. We have announced our support for the programme to reach 2000 participants annually by 2015/16.

Quality of ITT providers

- D31** The Ofsted guidance for inspecting ITT providers focuses on outcomes for trainees as one of the key judgements of the effectiveness of providers. Inspectors consider the attainment and completion rates of trainees, and also how well trainees teach and how successful they are in finding employment upon qualification. If a provider receives two successive 'requires improvement' ratings they will be de-accredited and will no longer be able to participate in ITT.
- D32** Ofsted are also working to ensure that ITT providers involve schools fully in their provision. The inspection framework for ITT providers recognises the features of outstanding university-school partnerships, where schools are closely involved in the selection of trainees and the design and delivery of training. The allocation of ITT places will prioritise providers that have such arrangements in place so that only universities and other providers who demonstrate extensive school involvement and high quality training continue to have a role in ITT.

Teacher recruitment and training in Wales

- D33** The Welsh Government is responsible for ITT in Wales. Intake targets are set annually based on the forecast of demand for newly qualified teachers. The Higher Education Funding Council for Wales uses these targets to inform the allocation of ITT places.
- D34** The Welsh Government has continued to reduce ITT places. Overall intake numbers have reduced by 34% since 2004/05 following a 2006 review of ITT provision in Wales and based on evidence of past oversupply of teachers. A further review of ITT in Wales was published in October 2013. This considered aspects of the quality and content of ITT courses delivered in Wales at postgraduate and undergraduate level.
- D35** The Teacher Planning and Supply Model (TPSM) for Wales is used to inform decisions on intake targets. The TPSM has two key elements: a Desired Stock Model (DSM), which projects the number of teachers required based on pupil projections and current pupil-teacher ratios; and a Teacher Supply Model (TSM), which projects the number of in-service teachers and subsequent over/under supply of teachers, given flows in and out of service. The Welsh Government is currently undertaking a review of the TPSM.
- D36** The Welsh Government has conducted a baseline projection from the TPSM for the period 2013/14 – 2022/23 using updated data. It shows that without any changes to numbers there would be no oversupply of either primary or secondary ITT entrants, but a sustained and significant reliance on large numbers of re-

entrants to fill vacant primary positions, and an increasing reliance on re-entrants to fill vacant secondary positions. Based on this assessment the Welsh Government has concluded that intake numbers should be retained at current levels for 2014/15.

Incentives in Wales

D37 The Welsh Government offers training incentives to students undertaking postgraduate ITT courses. For the 2013/14 academic year support will be focused on targeting priority subjects and the recruitment of high-calibre candidates. Incentives will be variable depending on degree qualifications and support postgraduate ITT studies which can lead on to the Masters in Educational Practice Programme for NQTs. Eligible postgraduate students with a first class degree will receive the highest funding levels, with progressively lower amounts for those with a 2.1 or 2.2. Funding will not be available for those without at least a 2.2.

D38 The grants available in Wales for new eligible students on specified postgraduate ITT courses leading to QTS starting in the 2013/14 academic year are summarised in Table 8D.

Table 8D: Bursaries available to trainees in Wales 2013/14

Honours degree qualification of student	Postgraduate secondary courses in mathematics, physics, chemistry, modern languages, Welsh and ICT	Postgraduate secondary courses in design & technology, English, biology, history, RE, art, PE, music, drama, geography, outdoor studies, combined science and business studies/ Postgraduate primary courses	Primary supplement for those with degrees in English, Welsh and maths
1st (and 2.1 in physics)	£15,000	£3,000	£1000
2.1 (not physics)	£10,000	£0	£0
2.2	£6,000	£0	£0

D39 The Welsh Medium Improvement Scheme (WMIS) offers additional training to help trainees on qualifying secondary postgraduate Welsh medium ITT courses. It is aimed at those who need additional assistance to raise confidence and

competence in order to qualify to teach through the medium of Welsh. Eligible trainees can receive a WMIS incentive grant of £1,500 (£1,800 for those on mathematics and physics or chemistry courses).

Employment-based training in Wales

- D40** In Wales, the current number of places on employment-based routes is relatively small, around 4% of overall places leading to QTS in Wales. The Welsh Government funds a contribution toward the trainee salary costs (£14,500 for 2013/14) and training costs (£4,500 in 2013/14) for a limited number of applications in priority secondary subjects of mathematics, physics, chemistry, modern foreign languages, ICT and Welsh and a £4,500 training grant for primary places. An additional number of unfunded places are available to support existing overseas qualified and further education qualified teachers to gain QTS, and those wishing to train to teach vocational subjects to support the 14-19 local curriculum.
- D41** From 2013/14, 40 graduate trainees will be recruited to undertake the Additional Training Graduate Programme in Wales, a pupil/school improvement measure which will be delivered by Teach First under the terms of the Employment-based Teacher Training Scheme 2012. The programme will initially run for three academic years covering 2013/14 to 2015/16. Teach First will recruit high quality graduates to work in some of Wales's band 4 and 5 schools. These numbers are not currently included in the TPSM calculations.



Department
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