



School Teachers'
Review Body

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Twenty-Sixth Report 2012
Chair: Jerry Cope

TWENTY-FIFTH REPORT – 2015

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**

March 2015



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<https://www.gov.uk/government/organisations/office-of-manpower-economics>

Print ISBN 9781474116312

Web ISBN 9781474116329

ID 06031501 03/15 47520 19585

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

TERMS AND ABBREVIATIONS

<i>Consultees</i>	<i>Organisations which made representations and provided evidence to the STRB</i>
ASCL	Association of School and College Leaders
ATL	Association of Teachers and Lecturers
DfE/the Department	Department for Education
NAHT	National Association of Head Teachers
NASUWT	National Association of Schoolmasters Union of Women Teachers
NEOST	National Employers' Organisation for School Teachers
NGA	National Governors' Association
NUT	National Union of Teachers
Secretary of State	Secretary of State for Education
UCAC	Undeb Cenedlaethol Athrawon Cymru
Voice	formerly the Professional Association of Teachers
Welsh Government	
<i>Other</i>	
AGR	Association of Graduate Recruiters
ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic groups
CPI	Consumer Prices Index
DLHE	Destination of Leavers from Higher Education
DSG	Dedicated Schools Grant
EBacc	English Baccalaureate
e-FSM	Eligible for Free School Meals
Estyn	Education and training inspectorate for Wales
ESG	Education Services Grant
FTE	Full time equivalent
GDP	Gross Domestic Product
HE	Higher Education
HEI	Higher Education Institution
HESA	Higher Education Statistics Agency
HECSU	Higher Education Careers Services Unit
IDS	Incomes Data Services
IPSA	Independent Parliamentary Standards Authority
IT	Information Technology
ITT	Initial Teacher Training
LAC	Looked After Children
MFG	Minimum Funding Guarantee
NCTL/National College	National College for Teaching and Leadership
NQT	Newly Qualified Teacher
OBR	Office for Budgetary Responsibility
OECD	Organisation for Economic Co-operation and Development
Ofsted	Office for Standards in Education

OME	Office of Manpower Economics
ONS	Office for National Statistics
PDG	Pupil Deprivation Grant – additional funding for schools in Wales (cf Pupil Premium in England)
PGCE	Postgraduate Certificate in Education
PTR/PAR	Pupil to teacher ratio/Pupil to adult ratio
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	school-based ITT
SCITT	School-Centred Initial Teacher Training
SEN	Special Educational Needs
SFR	Statistical First Release
STEM	Science, Technology, Engineering and Maths
STPCD/the Document	DfE (2014) <i>School Teachers' Pay and Conditions Document and Guidance on School Teachers' Pay and Conditions</i> , TSO
STRB/Review Body	School Teachers' Review Body
SWC	School Workforce Census
TLR	Teaching and Learning Responsibility
TPSM	Teacher Planning and Supply Model
TSM	Teacher Supply Model

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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. STRB reports to the Prime Minister and the Secretary of State. The legal foundation for the function and work of STRB is Part Eight of the Education Act 2002. The secretariat for STRB is provided by the Office of Manpower Economics (OME).

The members of STRB are:

Dr Patricia Rice (Chair)

Peter Batley

Ken Clark

Jonathan Crossley-Holland

Dan Flint

Debbie Meech

Jill Pullen

Mike Redhouse

Executive Summary

The remit

The Secretary of State asked us to make recommendations on adjustments to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders *to reflect the average of up to 1% pay award for public sector workers*. She asked us to have regard to affordability, at local and national level, and to take account of evidence on the wider labour market and expected demand for teachers.

Our analysis

Our analysis of the economic and labour market context has highlighted the challenging climate for schools, with tight budgets, demographics driving up pupil numbers and an increasingly competitive graduate labour market. We received evidence that the recruitment and retention pressures on which we commented in our last report had become more acute and the latest national data suggested the position had further deteriorated. Surveys by the head teacher unions reported widespread difficulties in recruiting both high quality NQTs, and experienced classroom teachers, with particular problems in some locations and for schools in challenging circumstances. This accords with reports we heard on our recent visits to schools.

Our analysis of earnings data showed a gap between starting and profession-wide pay for teachers and that for other professional occupations across most of the country. It also showed salary progression is faster for able graduates in other professions in the first three to five years, with the opportunity to reach higher levels of earnings as their careers progress subsequently.

Following recent reforms to teacher pay, it is for schools to determine individual pay awards, taking account of performance and in line with school pay policies. Our recommendations set the national pay framework within which schools operate, guide career expectations and signal to schools how they can respond to local recruitment and retention needs. Last year we recommended an increase of 1% to the minima and maxima of all pay ranges and allowances and emphasised our expectation that in future, all progression increases, including for those on the maxima, should be performance-related. We noted signs of emerging recruitment and retention pressures and stressed the need to make good use of flexibility to recruit on higher starting salaries and progress the best teachers rapidly.

The Department's and consultees' views

This year the Secretary of State asked us to take a similar approach and recommend an uplift to the pay framework in line with the Government's public sector pay policy. She made clear there would be no increase in school funding to cover the cost of any pay award. The teacher unions disagreed with the premise of the remit, which restricted an award to an average 1% of pay. They commented on the erosion of teachers' pay over several years as a result of public sector pay restraint and said this was starting to have serious consequences for the teacher labour market. They sought an increase higher than 1%, which, they said, should be fully funded. Most consultees argued that there should be an uplift to all salaries and allowances in payment to help compensate for increases in the cost of living. The employers said that an increase of 1% would be affordable for most, but not all schools.

Our conclusions and recommendations

We concluded that the evidence now available confirmed the need for a general uplift to the national pay framework to support the competitiveness of the profession. We were mindful, however, that affordability constraints meant any increase higher than 1% would have to be

very carefully targeted to enable schools to manage tight budgets. We therefore assessed a range of options for targeted uplifts higher than 1% to address recruitment and retention pressures.

We considered whether there was a case for a higher uplift to the minima of the main pay range, but concluded schools already have flexibility to set higher starting salaries where merited by local circumstances and an uplift higher than 1% would incur a cost for all schools, regardless of need. We therefore recommend an **uplift of 1% to the minima of the main pay range**.

In the increasingly competitive graduate labour market, pay prospects in early career are an important consideration in making career choices. Consequently the level of the maximum of the main pay range sends an important signal. We also heard on our visits of the central role played by experienced classroom teachers in improving school outcomes and noted survey evidence of the challenges many schools face in attracting and retaining experienced teachers. We were therefore mindful of the importance of supporting retention at this stage and of giving schools meaningful scope for differentiated, performance-based awards for those on the maxima of the main pay range. Accordingly, we recommend **an uplift of 2% to the maxima of the main pay range**. We would not expect all teachers on the maxima to receive a 2% increase: the full uplift should be awarded only where merited by performance. Some might receive a lower award, or none.

We also considered the option of a higher uplift to the maxima of other classroom teacher pay ranges but concluded the highest priority at present was to reinforce the attractiveness of the profession in the early career stages. Consistent with the overall need to support the competitiveness of the profession, we recommend **an uplift of 1% to the minima and maxima of all other classroom teacher pay ranges** (upper, leading practitioner and unqualified teacher pay ranges).

On allowances, we heard some evidence of difficulties recruiting to head of department posts. It is important that the pay framework continues to incentivise teachers taking on additional management responsibilities. We recommend **an uplift of 1% to the minima and the maxima of the allowances in the national pay framework (TLRs and SEN)**.

Evidence of continuing recruitment difficulties for school leaders suggested a need for some uplift to the leadership group pay framework, although we also heard that workload and accountability, rather than pay, are the main disincentives to applying for leadership posts. We recommend **an uplift of 1% to the minima of the leadership pay range and the eight head teacher group pay ranges** to support those taking on leadership roles. As a consequence of recent reforms, governing bodies have considerable flexibility in setting salaries *above* the maximum of the relevant head teacher pay group, if merited. Given this, we regard any adjustment to the framework here as less of a priority, so recommend **no uplift to the maxima of the leadership pay range nor to any of the eight head teacher group pay ranges**.

Consistent with the principle of school autonomy and differentiated performance-related pay, we confirm our recommendation in the 24th Report that discretionary national reference points be removed from Departmental advice. We recognise some schools may decide to set their own pay points in their local policies, if they judge it appropriate to their needs.

In the decentralised pay system that now exists, we believe schools can manage our recommendations within current budgets. The precise cost implications will vary according to individual schools' workforce profiles, the proportions of teachers eligible for progression increases and local policies in making such awards and managing pay budgets effectively.

Looking ahead, we remain of the view that there should be a **fuller review of the national pay framework** in future, to ensure it enables schools to attract and retain high calibre graduates in an increasingly competitive labour market.

CHAPTER 1

Introduction and background to the remit

Introduction

- 1.1 Our role, set out in the Education Act 2002, is to consider and report to the Prime Minister and the Secretary of State on matters referred to us on teachers' pay and conditions. In her remit letter of 10 September 2014, the Secretary of State asked us to consider:

What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to reflect the average of up to 1% pay award for public sector workers.

- 1.2 The Secretary of State's remit letter (reproduced in Appendix A) asked us to report on these matters by the second half of February 2015. It also asked us to take account of the letter of 29 July 2014, from the Chief Secretary to the Treasury (reproduced in Appendix B), which set out the Government's public sector pay policy. In this chapter, we describe the background to our remit and outline the structure of this report.

Background and context

- 1.3 The context for our work includes the Government's policy on continuing pay restraint for workers across the public sector and the significant reforms to the pay framework for teachers introduced by the Government following the recommendations of our 21st and 23rd reports. Our objectives in proposing these reforms were to:
- support efforts to raise the status of the profession, encouraging high calibre graduates to come into teaching and retaining able teachers in the profession;
 - enable schools to respond to local circumstances and help those facing the greatest challenges to tailor school pay policies so as to attract and retain the most able teachers who can make most impact on pupils' progress;
 - promote performance improvement and encourage teachers to develop and improve their teaching skills;
 - support multiple career pathways, with incentives for some of the very best teachers to stay in the classroom leading pedagogy and for able teachers to seek early promotion into management roles;
 - provide a clear and workable approach to help governing bodies set pay for school leaders taking into account the challenges and circumstances of individual schools;
 - enable appropriate reward allied to accountability for all teachers and school leaders through differentiated progression to reward excellence; and
 - simplify the STPCD and make it more transparent so teachers, school leaders and governing bodies can use it with confidence, operating in an environment of greater autonomy.
- 1.4 The recommendations of those reports retain a broad national pay framework within which schools have greater flexibility to respond to local need and appropriately reward performance. The key changes, which have now been implemented, are:
- increased flexibility for schools to appoint above the minima of the pay range¹;

¹ We use 'pay range' throughout to include the pay ranges for each of the four area pay bands.

- the extension of differentiated performance-related progression decisions to all classroom teachers and school leaders;
 - the abolition of mandatory pay points within all pay ranges;
 - increased flexibility for schools to progress the best performers more rapidly through the pay ranges;
 - greater discretion for schools in the use of allowances;
 - scope for governing bodies to set head teacher pay at a level which is more closely related to the challenge of the particular job; and
 - removal of complex rules on starting pay and differentials within the leadership group.
- 1.5 When making these recommendations, we noted that schools were already facing substantial changes, for example, to the curriculum and assessment arrangements. We were aware that some schools would find effective implementation of pay reform challenging at a time of significant change, and in the context of tight budgets and public sector pay restraint. We also recognised that it could take several years to embed the process and cultural changes required for schools to take full advantage of these new flexibilities. However, we believe these flexibilities can help schools to focus pay on what best supports school improvement whilst managing tight budgets.
- 1.6 The main reforms began to shape school pay policies from September 2013 but first decisions on differentiated progression for those on the main pay range were taken only in autumn 2014.
- 1.7 Last year we were asked to make recommendations on an average 1% pay award. This was the first time of so doing within the national pay framework created by recent reforms. Our 24th report, submitted in May 2014, recommended an uplift of 1% to the minima and maxima of all the pay ranges and allowances in the national pay framework from September 2014, to improve the competitiveness of the teaching profession. We made clear it was for schools to determine locally the application of the uplift to the national pay framework to salaries and allowances in payment.
- 1.8 This represented a significant shift in approach, providing for greater local autonomy on pay. We acknowledged the need for some transitional support, by recommending that in the first full year of operation of the new system, teachers on the maximum of the pay range be uplifted to the new maximum. We also recommended the publication of reference points within the main pay range in Departmental advice, for the purpose of guiding September 2014 pay decisions. We signalled our intention that in future, any award for those on the maximum of their pay range should be related to performance, and that reference points should no longer be published after September 2014.
- 1.9 We have undertaken work for this remit less than eight months after we submitted our last report. It follows that we have developed our recommendations for this report with only very limited, anecdotal evidence of the ways in which schools have taken differentiated decisions on pay progression for the first time. We look forward to receiving detailed evidence from the major evaluation of the reforms, commissioned by the DfE.

Conduct of our review

- 1.10 We considered and analysed written and oral evidence from the Secretary of State and from our statutory consultees, consistent with our obligations under the Education Act 2002. We also received a written submission from a non-statutory consultee. We provided consultees with an opportunity to comment on others' submissions.

- 1.11 We held oral representation sessions with teacher and head teacher unions to explore their position on various topics and their views on others' evidence. We also heard oral representations from the Department, including the Secretary of State; the Welsh Government; and employer representatives (National Employer Organisation for School Teachers (NEOST)). We have set out in the relevant chapter key points made by consultees in written and oral representations. Where consultees have published full submissions on their websites, we have provided the links to the websites in Appendix C.
- 1.12 We thank all our consultees who provided timely, detailed written submissions and contributions at oral evidence sessions. These enabled us to consider the issues thoroughly and examine critically the available evidence before making our recommendations.
- 1.13 We also explored wider evidence. In particular, we considered evidence of trends in the wider labour market for graduates, and comparisons between teacher earnings and those of other graduate professions, to ensure we had a broad overview of the environment for recruitment and retention to the profession. This evidence is set out fully in Chapter 3, along with a range of data on earnings and pay settlements across the market as a whole. We also sought evidence on the current budgetary context in which maintained schools have to operate.
- 1.14 We record our thanks to those schools and local authorities we have visited this year. Such visits provide valuable insights and increase our understanding of the issues faced by teachers and school leaders in their working lives. We wish to thank also those representatives from the National College for Teaching and Leadership, Teach First and the Association of Graduate Recruiters, who attended meetings to provide us with information at first hand (further details in Appendix C).

Structure of this report

- 1.15 Our report sets out the evidence base and rationale for our decisions. The structure is as follows:
- Chapter 2 sets out the representations and evidence from the Department and statutory consultees.
 - Chapter 3 provides our analysis and commentary on the teacher labour market and the budgetary context for schools.
 - Chapter 4 sets out the context for our consideration of pay following implementation of recommendations in our recent reports, our conclusions and our recommendations on this remit.

CHAPTER 2

Overview of the evidence

- 2.1 In this chapter we summarise the main points made to us by the Department and by consultees in their evidence on a pay award for 2015/16. It covers the economic context, the teacher labour market, affordability in schools and views on the pay award itself. Each section starts with the main points made by the Department and goes on to summarise those made by consultees. We start, however, by recording some general points which framed consultees' responses to the remit.

General points on the remit

- 2.2 We received a joint submission from five teacher unions (ASCL, ATL, NAHT, NUT and Voice) as well as individual submissions from those consultees and others. The joint submission set out the unions' disagreement with the whole premise of the remit, which restricted the STRB's review to the award of an average 1% pay award, as this would compound the erosion of teacher pay which had taken place since 2010. It said this was starting to result in recruitment problems, both in terms of attracting graduates into the profession and retaining experienced teachers. It suggested another below-inflation increase would further damage the profession and the education system. The joint submission called for the Government to fully fund any salary increases.
- 2.3 It also set out the five unions' view that pay progression and cost of living increases served separate purposes and that any pay increase should be applied to all salaries in payment to prevent teachers from falling further behind. Finally, it said that many schools were continuing to rely on discretionary reference points and, in order to create consistency across schools, asked STRB to reconsider its recommendation that they be removed from the national advice.
- 2.4 We set out later in this chapter points of amplification made by individual consultees in their submissions; some of whom included their own particular concerns about the nature of the current remit. NAHT said it did not go far enough and that a fuller review of teacher pay levels was required. ATL commented that the Treasury's instructions on public sector pay had a serious impact on the Review Body's ability to react to the challenges facing the teaching workforce. NASUWT expressed its 'profound concern' at the intervention by the Chief Secretary in his letter and both NASUWT and NUT made strong representations about recent STRB recommendations and the need for the Review Body to assert its independence from Government. NASUWT referred to the 'integrity and independence' of the Independent Parliamentary Standards Authority (IPSA), which had recommended a 9.3% pay increase for MPs, a point also made by UCAC. NEOST said it supported a national framework that enabled consistency of pay and conditions across the teacher workforce in all publicly funded schools.
- 2.5 The Welsh Government continued to challenge the notion of pay being a key driver for performance and opposed locally determined pay, instead favouring a national system of pay and conditions to ensure the fairest and most cost effective method of administration. It said the onus of determining all teachers' salaries locally had added significant burdens and pressures to workload at a time when resources were at a premium.

Economic and labour market context

- 2.6 The Department's submission set out the Government's belief that its economic strategy was restoring the public finances to a sustainable path and said the deficit as a percentage of GDP was forecast to have halved by the end of 2014-15. It said the UK

economy was on the path of recovery with positive growth since the second quarter of 2013, noting that the Office for Budgetary Responsibility (OBR) forecast the UK economy to grow by 2.7% in 2014. The Department noted inflation had fallen significantly since its peak in September 2011. It said the OBR forecast inflation of 1.9% in 2014 and 2.0% in 2015 and forecast it to continue to remain at target in 2016.

- 2.7 The Department noted that public sector pay restraint had been a key part of the fiscal consolidation so far, but while a considerable amount of fiscal consolidation had been achieved, the deficit and debt remained at unsustainable levels. Public sector net debt was forecast to continue to rise this year and reach its peak in 2015-16. The Department said that despite the positive economic growth substantial risks remained to the structural position of the public finances. It reported external risks and weak receipts growth due to slow earnings growth, which reinforced the case for stability in the government's long-term economic plan. It said abandoning the government's long-term economic plan and the path of fiscal credibility would represent the most significant risk to the recovery.
- 2.8 The Department noted labour market figures continued to strengthen in the first half of 2014 and that the OBR expected employment to continue to rise over the forecast period, but at a slower pace than in 2013. The unemployment rate had fallen 0.9 percentage points since the end of 2013 to 6.4%, down from the peak of 8.4% in the final quarter of 2011.
- 2.9 The Department said that wage growth remained weak. It noted private sector pay growth had recovered somewhat from its decline in 2009 but was growing at only about 1% to 2% per annum compared with the pre-recession trend of about 4%. Public sector (excluding financial services) average regular pay growth had fluctuated between 2010 and 2014, falling to 1.2% in the second quarter of 2014. It said average public sector earnings (as measured by the Office of National Statistics (ONS)) had continued to display positive growth since the introduction of the pay freeze and policy of pay restraint for a number of reasons: the provision of £250 to those earning £21,000 or less during the two years of the pay freeze; some three-year pay awards ending in September 2011 and upwards pay drift due to continued constrained recruitment.
- 2.10 Given the short period that had elapsed since our last report, our statutory consultees reiterated many points made to us previously. They pointed to the broader economic and labour market context for this remit, with strengthening of key indicators on economic recovery. ATL and NUT highlighted general acceptance that the wider economic situation was improving, with a rapidly expanding labour market and unemployment rate at a six year low, making it essential that the teaching profession was able to attract and retain the right calibre of graduates. ATL said the September 2014 rate of RPI was outstripping increases in earnings and driving down teachers' standard of living. NASUWT commented that teachers have faced a greater degree of uncertainty and turbulence than other public sector workers as a result of changes to the national pay framework.
- 2.11 Consultees also set out the impact of the two year pay freeze followed by the 1% pay awards in September 2013 and September 2014 and commented on the decreasing value of the teachers' reward package, which had been eroded by inflation and pension reform. The five unions' joint submission suggested teachers' pay had dropped by in excess of 12% in real terms since 2010; NASUWT said teachers had suffered a 14.8% reduction in pay since 2010 and noted a pay cut for unqualified teachers in September 2013. NUT reported teachers' pay will have fallen by more than 15% in real terms as measured against inflation during the Coalition Government's period in office. NUT also noted Incomes Data Services (IDS)¹ had reported signs of upward pressure on pay settlements, which clustered around 2.5% to the end of August 2014 following a median

¹ *IDS Pay Report 1129*, October 2014.

settlement level of 2% in the last third of 2013. Voice highlighted OECD² research showing that teachers in England and Wales were in the top ten worldwide for the largest real terms salary decreases.

- 2.12 UCAC said it was not convinced by the argument that public sector pay restraint could help the UK return to sustainable balanced growth and believed that a pay increase substantially higher than 1% for teachers would encourage economic growth by contributing to a successful private sector in Wales.

Teacher labour market

- 2.13 The Department said the importance of high quality teachers and school leaders could not be overstated. It said the teacher labour market remained strong, with the proportion of new entrants with a 2:1 degree or higher increasing each year, and one in six trainees with a first-class degree.
- 2.14 It reported that provisional data from the Initial Teacher Training (ITT) census indicated that subjects attracting the new higher level of bursaries (maths, physics, chemistry and modern languages) showed the highest increase in the recruitment of trainees holding a 2:1 degree or above. It commented that recommendations in our 21st report gave schools the flexibility to establish reward packages that would attract and retain the best teachers and said it was giving schools the opportunity to recruit and train graduates themselves, giving them an even greater degree of influence over the teacher labour market.
- 2.15 The Department said the number of full time equivalent (FTE) teachers had increased by 4.7% between 2011 and 2013, with the majority of the increase in the primary sector, due in part to increasing pupil numbers. It said 75% of all classroom teachers were female although they represented less than 70% of the leadership group and unqualified teachers.
- 2.16 Most teacher unions commented that recent pay restraint was making it more difficult to attract and retain the best graduates to the profession. The NGA also commented on a deteriorating labour market, reporting that the recruitment of classroom teachers, and not just of the traditional shortage subjects, was becoming an increasing problem. It asked that any new government should give teacher supply more consideration centrally and take action to prevent a serious staffing shortage.

Teacher demand and supply – England

- 2.17 The Department noted that overall pupil numbers were projected to continue rising. Pupil numbers in maintained nursery and state-funded primary schools were projected to increase by 9% between 2014 and 2023, which would have implications for future teacher demand. In secondary schools, pupil numbers were projected to decline until 2015, after which the increases in primary pupil numbers would flow through. The Department projected that by 2023 the number of state-funded secondary pupils aged up to and including 15 would be 17% higher compared to 2014.
- 2.18 The Department said that ONS produced shorter-term projections of the numbers of school-aged population by region, which showed that by 2017, all regions in England were projected to have an increase in their primary aged population compared with 2012. Figures varied by region, from 9% in the North West, North East, West Midlands and Yorkshire and the Humber to 14% in London. The 11-15 age group would decline until 2016 (except in London where figures were projected to stabilise in 2015), when numbers would start to increase in all regions except the North East and the South West

² OECD, 2014, *Education at a Glance 2014*, http://www.keepeek.com/Digital-Asset-Management/oecd/education/education-at-a-glance-2014_eag-2014-en#page1

(where increases will begin in 2017). The Department said decisions taken at school level would determine the actual number of teachers required and suggested that increasing the proportion of ITT that was school-led gave schools greater scope to plan for local demand.

- 2.19 The Department said vacancy rates in England had remained fairly low and stable in the last four years, although there had been a small increase from 0.1% to 0.2% in the last year. It was confident that the vacancy rates were manageable, citing the continuing popularity of teaching for graduates. It pointed out that increased pay flexibilities would help head teachers in addressing teacher shortages in specific subjects and in certain areas of the country. It noted that in line with historical trends, above-average vacancy rates continued for mathematics, information technology, all sciences and English and above-average proportions of non-specialist hours for physics (25.5%), chemistry (19.6%) and modern foreign languages.

Teacher demand and supply – Wales

- 2.20 Primary pupil numbers in Wales were projected to rise by 13,400 between 2014 and 2022. Projections for secondary pupil numbers were a fall of 7,200 overall between 2014 and 2018, before starting to rise again by 2021, returning to the current level by 2022/23.
- 2.21 The total nursery, primary and secondary vacancy rate in January 2013 was 0.3% compared with 0.4% in January 2012. There was an average of 18 applications for each primary school vacancy (22 for English medium posts and 10 for Welsh medium posts). Median figures for applications to advertised secondary teaching posts were eight per post (ten for English medium posts and four for Welsh medium posts), but the number of applications per post was reducing. A baseline projection from the Teaching Planning and Supply Model (TPSM) for the period 2013/14 to 2022/23 showed that without any change to numbers, there would be no over-supply of primary ITT entrants, but a sustained and significant reliance on large numbers of re-entrants to fill vacant positions. Anecdotal evidence suggested that in some areas a number of recently qualified teachers had been unable to secure permanent posts; this approach would enable them to do so.

Consultees' comments on teacher demand and supply

- 2.22 Consultees commented that growing labour market pressures would coincide with an increase in teacher demand due to growing pupil numbers. The five unions' joint submission said the Department's own estimates showed an increasing need for teachers and its data on class sizes showed primary school class sizes growing year on year. They were concerned about the attractiveness of the teaching profession in recruiting teachers to meet this increased demand. They also noted the need to reduce workload to manageable levels to aid teacher retention.
- 2.23 Consultees highlighted continuing difficulties recruiting to STEM subjects (science, technology, engineering, mathematics) and that physics was a particular problem. Some said it was becoming increasingly difficult to recruit English teachers, and, to a varying extent, there were difficulties in most subjects.
- 2.24 NAHT cited findings from its own survey of school leaders, showing around a quarter of respondents were unable to recruit teachers on the main and upper pay scales. It said that in a further 62% of cases, leaders could only recruit with difficulty, citing reasons ranging from the quality and quantity of applications to budget pressures and high housing costs deterring applicants. NUT referred to a survey by TES and NGA in August 2014 which revealed a significant increase in the number of schools finding it 'very difficult' to attract strong candidates. ATL commented on an increase in teacher

vacancies and re-advertisement of posts and said there was a real risk of a crisis in teacher recruitment. NASUWT and Voice said *The Pearson Report* by Professor John Howson³ substantiated their concerns about recruitment.

- 2.25 ASCL noted recruitment difficulties were most acute at head of department level for core subjects (although there were difficulties for a growing number of subject areas) and senior leaders, especially head teachers. It was concerned about wastage within the profession, noting the reluctance of deputy and assistant heads to apply for headship posts due to the level of professional risk involved. Subsequent to oral evidence, ASCL provided evidence from a survey of its members⁴ which showed high proportions of head teachers reporting difficulties recruiting to maths (63%), science (49%) and English (45%) over the preceding year, with many reporting carrying teacher vacancies in these subjects. They also reported difficulties recruiting to IT/computer science (24%) and modern languages (18%).
- 2.26 UCAC commented on difficulties in recruitment of Welsh medium teachers and noted data on teacher vacancies was no longer available. It said reports from schools indicated small numbers of applicants for posts, with many being re-advertised. It also noted an increasing trend for head teachers to take on responsibility for more than one school, which it said was due to the inability to appoint to headship posts. UCAC said it was too early to comment on the impact of changes to the leadership pay structure but questioned whether the new flexibility would address the shortage of high calibre candidates for school headship, noting that recruitment issues for such posts mainly stemmed from the status of the teaching profession in general and accountability issues for school leaders.
- 2.27 NEOST said the majority of local authorities reported no particular difficulty in recruiting to classroom teacher roles, noting the greatest difficulties existed in respect of leadership roles, particularly head teachers and especially those in small rural schools. It reported some difficulties in appointing teachers of English, mathematics and science in secondary schools.

Recruitment to Initial Teacher Training

- 2.28 The Department provided information on recruitment to initial teacher training, noting that provisional data from the NCTL's ITT trainee census 2013/14 suggested that 96% of the target for required trainees for primary and secondary programmes had been reached. It said targets had not been reached in some subjects in 2013/14 and set out details of steps that had been taken to help address issues in recruitment to STEM subjects. In oral evidence, the Secretary of State told us that latest figures showed that 93% of the 2014/15 target had been reached. She acknowledged that recruitment and retention could become more difficult if the economic recovery strengthened, particularly for teachers of STEM subjects. She highlighted recent announcements consulting on teachers' professional development and on a College of Teaching, independent of government.
- 2.29 On the specific issue of School Direct, the Secretary of State noted that it had recruited to only 61% of allocated places and said she would like to see more places taken up. She noted the importance of providing a choice of training routes for graduates, believing there was a need for balance between new and established training routes, such as Higher Education Institutions (HEI). She noted the Prime Minister had announced a £67 million package to encourage postgraduate students into teaching.

³ <http://thepearsonthinktank.com/2012/are-we-running-out-of-teachers/>

⁴ ASCL noted a 25% response rate to its survey of members.

- 2.30 The Department said 850 lead schools trained 6,580 teachers through the School Direct programme in 2013/14 and over 17,700 places had been requested for 2014/15. Early indications suggested that over 90% of the 2012/13 cohort had found teaching posts, with over half employed within the School Direct partnership in which they trained. It also noted that School-Centred Initial Teacher Training (SCITT) providers were taking on full responsibility for the design and delivery of training, with 115 school-led accredited providers.
- 2.31 Looking ahead, the Department noted that there had been huge interest from schools and providers for ITT places in 2015/16, a 34% increase on the previous year. However there had been a reduction in the number of HEI places allocated. The Department was also providing additional support to enable the Teach First programme to expand to 2,000 places in 2015/16. It said 1,387 places were offered in 2014/15, including placements in the Eastern region, giving Teach First a presence in every region of England for the first time.
- 2.32 The Welsh Government said the teacher recruitment climate in Wales had not changed significantly during the past two years. It noted that vacancy rates remained low in Wales at 0.4% (nursery/primary) and 0.3% (secondary), although there were particular problems in recruiting Welsh medium teachers in some areas. To prevent an over-supply of teachers, the Welsh Government had kept ITT intake numbers at a steady state following a period of substantial reduction. It offered training incentives, with higher amounts payable for shortage subjects.
- 2.33 Several consultees raised concerns about the impact of recent changes to the ITT arrangements, in particular the impact of the School Direct scheme and the approach to teacher supply. The teacher unions noted the reported shortfalls in applications for teacher training in almost all subjects when compared to Government allocations. A few said they remained unconvinced that the current system for teacher training would ensure sufficient teachers to meet demand. Some commented on the restrictive requirement for graduates to have a 2:2 degree or higher. Some consultees suggested that, despite some rises in applications, bursaries were ineffective.
- 2.34 In oral evidence, Voice and NAHT expressed concern about the quality of new recruits. Respondents to an NAHT survey of its members said Newly Qualified Teachers (NQTs) were not well prepared to start working in a school, citing concerns on classroom management, a lack of subject knowledge and a poor understanding of pedagogy and child development. Some consultees suggested schools had unrealistically high expectations of NQTs and needed to devote sufficient time and resources to NQT development.
- 2.35 UCAC expressed concern over the reduction in applications to ITT in Wales in recent years. Enrolments were down by 1% but the number completing ITT courses was 11% lower, for the period 2012/13.

Teacher morale and workload

- 2.36 We noted in paragraph 2.22 above joint evidence from five teacher unions that there was a need to reduce workload to aid retention of teachers. Most teacher unions also commented on the impact of the 'constant and demoralising depiction of teachers by the Government and Ofsted and of the increase in workload on recruiting and retaining teachers'. Some said recent changes to the national pay framework, which had removed certainty on pay progression and pay portability, had adversely impacted teacher morale. NASUWT cited a survey of its own members⁵ and a ComRes poll⁶ on teacher satisfaction, which suggested many teachers were thinking of leaving the profession. NUT highlighted similar findings in a YouGov survey (January 2014).

⁵ NASUWT, *The Big Question 2014*.

⁶ <http://comres.co.uk/polls/nasuwt-teachers-satisfaction-and-wellbeing-in-the-workplace-survey/>

- 2.37 Most consultees and the Secretary of State referred to the Department's consultation with teachers on workload, which had received a huge response. Consultees generally saw workload rather than pay as a key factor in teacher retention. The Secretary of State also referred to a recent announcement on a national teaching service that would incentivise head teachers to take risks without jeopardising their career, by taking on challenging schools in less attractive areas.

Teacher earnings

- 2.38 The Department said its analysis of classroom teachers' salaries showed they were still competitive. It said average salaries for full-time, qualified classroom teachers were higher in secondary schools than primary schools, across both the maintained and academy sectors. It reported that in inner and outer London primary schools the average salaries were higher in maintained schools than in academy converters, whilst in secondary schools, classroom teachers in sponsor-led academies consistently had the lowest salaries in each of the four pay bands. However, it said the analysis did not allow for like-for-like comparisons, and other analysis suggested that on average academies made less use of allowances than maintained schools.
- 2.39 The Department reported that in 2013/14, the median pay of classroom teachers was lower than that of private sector graduate professionals⁷ in five of the nine regions, and the mean classroom teacher salary was lower than that of a graduate professional in all regions. The Department also noted that such comparisons were not like-for-like, citing other parts of the compensation package and factors such as future career/promotion prospects, job security and work/life balance. It said that both classroom teachers' median salaries and overall teacher median salaries had seen a drop of 9% to 10% in real terms between 2002/03 and 2013/14, whereas private sector graduates' median salaries had seen a drop of 14%⁸.
- 2.40 The Department commented on wide variations between regions in the use of allowances, with Teaching and Learning Responsibility (TLR) payments being most widely used and additional payments being used most in inner and outer London. TLR payments of all types were also, on average, of higher values in secondary schools.
- 2.41 Some unions (ATL, NAHT, NASUWT, NUT) presented analysis that suggested teachers' starting salaries had fallen behind other graduate professions. They said this pointed to a growing need for an increase in pay so the teaching profession could compete with similar professions in attracting and retaining the best professionals. They thought the proposal for a 1% increase in September 2015 would be inadequate to keep pace with 2014/15 inflation, given recent inflation (as measured by both the Retail Prices Index (RPI) and the Consumer Prices Index (CPI)) and forecasts for the year to September 2015. NASUWT cited comparative analysis by IDS⁹ which indicated a persistent pay premium for comparable graduate professional occupations. NUT said the disadvantageous salary comparison with the private sector was no longer mitigated by certainty on progression.
- 2.42 ATL, NAHT, NASUWT, NUT and Voice all reported High Fliers Research which found that the median starting salary for graduates (£29,000) exceeded minimum starting salaries for teachers. It said there would be increased competition for graduates as employers expected to recruit significantly more graduates in 2014, offering 8.7% more entry-

⁷ Defined by DfE as those working in the *professional occupations* or *associate professional and technical occupations* groups of the Standard Occupational Classification. Our analysis in Chapter 3 compares teachers' earnings with those in the *professional occupations* group alone.

⁸ DfE sources: Database of Teacher Records (prior to 2010), School Workforce Census (from 2010), Labour Force Survey (all years).

⁹ Incomes Data Services, January 2015, *A review of school teachers' pay in England and Wales compared with other graduate professions: A report for NASUWT*, http://www.nasuwt.org.uk/consum/groups/public/@journalist/documents/nas_download/nasuwt_013406.pdf

level vacancies than in 2013. Voice additionally cited figures from the Higher Education Careers Services Unit (HECSU) which noted increasing opportunities for graduates and showed graduate unemployment in January 2014 had reached the lowest level since 2008.

- 2.43 Most of the teacher unions and NEOST noted recent changes to the pay system had removed certainty on progression, thus making the profession less attractive to possible new entrants and making it difficult to retain experienced teachers. ATL raised concerns that interim findings from its own survey had shown some newly qualified teachers were being denied progression at the end of their induction, due to schools' interpretation of the new system. It said pay after five years was a key point in terms of recruitment and retention and was better at that point for other graduate professionals.
- 2.44 Both NASUWT and NUT provided further reports on teacher pay following oral evidence. NASUWT had commissioned IDS¹⁰, which found: teachers' starting salaries trailing those of other graduates, especially outside London; more rapid salary progression for other graduates (at three and five years); teachers earnings significantly trailing other specific professions; and teachers' earnings growth significantly trailing other professions, particularly in the last three years.
- 2.45 NUT reported a key finding from its survey of members¹¹ was that among those eligible for pay progression, over a quarter (28%) who had been notified of a decision had been denied pay progression. This included 12.6% of eligible teachers on the main pay range. NUT confirmed to us subsequently that those teachers denied progression were spread across a wide range of schools. NUT's survey also found that 88% of those refused pay progression said they had been given no indication of this during the year; 34% of Black/Black British teachers and 40% of Asian/Asian British teachers had been denied progression compared to 25% of white British teachers. Teachers had also commented that their school's pay policy was unfair, and appraisers had suggested the new pay progression policy had caused extra workload.
- 2.46 NASUWT expressed concerns on emerging evidence from its members of widening pay inequalities within schools, disproportionately affecting black and minority ethnic (BME) teachers, women teachers and disabled teachers. The union suggested recent changes to the system for teachers' pay progression had adversely affected teacher morale and also led to discrimination against teachers with protected characteristics. It suggested the changes acted as powerful disincentives to graduates' inclination to consider teaching as a career, which, it said, was a view substantiated by the NCTL research on shortage subject teaching¹².

Public sector pensions

- 2.47 The Department commented that it was important to consider the overall value of the public sector reward package, including pensions. It reported changes to public service pension schemes were due to be introduced in April 2015. It also noted wider changes that have already been implemented, including progressive increases in member contributions, starting in April 2012, with protection from the impact of these changes for the lowest paid. Teachers earning less than £26,000 would not see increases of more than 1.5 percentage points by 2014-15. The Department said public service pensions remained among the best available and would provide guaranteed, index-linked benefits that were protected against inflation, and the overall remuneration of public sector

¹⁰ Ibid.

¹¹ *Pay Progression in 2014* – NUT survey report – December 2014.

¹² NCTL (2014) *Qualitative Research with Shortage Subject Teaching Candidates: The Journey to Teacher Training*.

employees was above that of the market. It said the Government was clear that any changes to public service pensions, including increased contributions, did not justify upward pressure on pay.

- 2.48 The teacher unions drew attention to the increased pension contributions now paid by teachers, and the further increase due in April 2015, as well as the removal of the contracted-out rebate for the Teachers' Pension Scheme in April 2016. ATL, NAHT and NASUWT commented on the number of teachers opting out of the Teachers' Pension Scheme. NASUWT said further real terms pay cuts were likely to exacerbate the problem of opt-outs and thus pose a risk to the Teachers' Pension scheme. It commented that the change from RPI to CPI indexation had reduced the value of the pension benefit and that the increase in state pension age would further reduce the value of teachers' pensions.

Affordability in schools

- 2.49 The Department said the government had prioritised investment in education as one of its measures for driving long-term economic growth. It noted the overall schools budget in England continued to be protected at the same level on a per pupil basis (before the addition of the Pupil Premium) until the end of the spending review period (including in 2015-16). The Dedicated Schools Grant allocation in 2014/15, before recoupment of funding for academies, was £38.735 billion with an additional £2.5 billion for the Pupil Premium.
- 2.50 The Department also noted that school budgets would vary due to changes in local funding formulae. It had put in place a Minimum Funding Guarantee (MFG) to ensure that most schools would not see a reduction of more than 1.5% per pupil (excluding sixth form funding and before addition of the Pupil Premium) compared with the previous year. It acknowledged that a fairer, more transparent system for school funding was needed and it was allocating an additional £390 million (on top of flat cash per pupil) to the least fairly funded local authorities in 2015-16, as a significant step towards a national funding formula.
- 2.51 The Department said that following the recommendations in our 24th report for an uplift of 1% to the national pay framework, the teacher pay bill for the 2014/15 academic year was projected to be approximately £23.1 billion¹³. This figure was projected to increase by approximately £700 million in 2015/16 before any pay award, due to increased pension contributions and a projected increase in the workforce size. The Department estimated a further flat 1% pay uplift to all salaries and relevant allowances in 2015/16 would increase the paybill by £220 million, resulting in an estimated total paybill of £24 billion. It said the cost would need to be met from existing school budgets.
- 2.52 The Welsh education budget in 2014/15 was approximately £2.630 billion, of which £2.278 billion was in the schools budget and £352 million was in the local education authority budget. The funding delegated to schools in 2014/15 was to be £2.095 billion.
- 2.53 The Welsh Government had committed to increasing spending on schools services at 1% better than the uplift to the overall Welsh budget (which had been subject to a 4.35% cut) since 2011-12, providing additional funding each year to local authorities through a range of funding streams to support this. The Provisional Local Government Settlement for 2015-16 published in October 2014 set out core revenue funding for individual authorities.

¹³This figure includes teachers in academies who are not bound by STPCD.

- 2.54 The Welsh Government had budgeted for gross expenditure per pupil of £5,607, a year-on-year increase of 0.2% or £13. Of this, £4,647 was delegated to schools and £960 per pupil was retained for centrally-funded school services. The funding delegated by local authorities to schools ranged from 77% – 86% of overall gross schools' budgeted expenditure.
- 2.55 The five unions' joint submission said it was imperative that any salary increase be fully funded, noting that since 2011 costs have risen more than the 0.1% annual increase to the education budget. This meant that the 1% pay rises over the last two years had to be met at the expense of other budget areas and schools were now struggling to meet their obligations. NGA accepted the need to consider affordability but said it was also important to take account of the recruitment and retention of high quality teachers.
- 2.56 ASCL said it was the schools which most needed to use the pay flexibilities now in the STPCD, which were unable to do so. It said budget pressures meant schools were using pay flexibilities to drive down salary costs rather than to attract and retain the best teachers. It said there was no capacity in the system to be able to meet the cost of pay rises for teachers at whatever level without them being fully funded by central government. It added that unless a pay award was funded there would be pressure on schools not to pass it on to staff for budget reasons, which would exacerbate existing recruitment and retention difficulties and undermine the intended performance management principles. It noted wide variation in funding levels for schools across the country.
- 2.57 NASUWT said the Review Body should challenge the affordability constraint and pointed out some of the Department's discretionary expenditure, suggesting that additional money could be found. It said there was no evidence to demonstrate that a nationally-funded pay award for teachers was not affordable. NASUWT noted concern at the inclusion of affordability at individual school level in the list of issues to which the Review Body should have regard when making its decisions and said the Review Body should avoid making pay recommendations on individual school-level capacity, which could contribute to a race to the bottom on teachers' pay. It said statistics published by the Department on local authority and school expenditure showed that school revenue surplus budgets had increased significantly in recent years, with a 53% increase in school balances since 2006/07. It also noted that only 5.6% of all schools were in deficit in 2012/13. It noted various pressures on school budgets and said a lack of transparency and rigour on head teachers' pay added to these. NASUWT said the Review Body should resist pressure from the Department to place the financial responsibility on schools to determine whether or not to fund a pay award.
- 2.58 NEOST commented that in 2015-16 schools will have experienced a fifth consecutive year of flat cash funding settlement, which meant they had effectively achieved year on year efficiency savings to cover annual cost and inflation pressures. It outlined the major cost increases faced by schools in 2015-16 and 2016-17:
- the full year effect of the 2014 pay increase for teachers;
 - the increase to support staff pay;
 - the increase in the employer's superannuation contribution from 14.1% to 16.4% from September 2015;
 - the increase in employer National Insurance contributions by 3.4% of applicable pay due to the introduction of a new state pension scheme from April 2016;
 - a continuing reduction in sixth form funding; and
 - energy and fuel cost increases.

2.59 NEOST said those schools with structural funding problems, usually related to pupil numbers, might need to reduce staff numbers. It noted that schools which lost out on changes to the funding formula were seeing a reduction in their budgets of 1.5% per pupil year on year. Despite these challenges, NEOST said the majority of local authorities responding to its survey indicated that a 1% pay award in 2015 would be manageable for most but not all schools in their area, whilst a small minority of local authorities felt that even 1% would be unaffordable. It suggested that schools would be expecting, and were planning for, an award of 1%.

Views on a pay award for 2015/16

- 2.60 The Department said that following the government's acceptance of the recommendations of the 21st – 24th reports, schools now had a very large degree of flexibility to differentiate the remuneration offered to teachers to reflect various factors, including local recruitment and retention; roles and responsibilities; and specialist qualifications. It also noted that in the 24th report STRB had signalled its expectation that future uplifts should not be applied automatically to teachers and that any individual pay award needed to take account of performance. The Department sought a recommendation that proposed adjustments to the national pay framework within the average of up to 1% pay award. It noted that it would be for schools to set out in their pay policies how they intend to take account of any uplift to the national framework.
- 2.61 At oral evidence the Secretary of State confirmed her view that a pay award should apply to the minima and the maxima of the pay ranges and allowances, including those for unqualified teachers and school leaders. Managers, who were accountable for teachers' performance, should be trusted with discretion to make individual pay decisions. She saw removal of reference points from national guidance as underlining school autonomy and said continued publication of reference points would be a retrograde step.
- 2.62 All the teacher unions sought an increase higher than 1%. The five unions' joint submission (ASCL, ATL, NUT, NAHT and Voice) sought an increase of more than 1% to all salaries in payment, which, they said, should be fully funded by the Department. ASCL said STRB should recommend an award that not only stopped erosion in real terms but which started to address the deficit of the last five years. NASUWT sought a significant, above inflation, percentage pay award that was fully funded by the Government. UCAC sought a substantially higher increase and said a pay rise should be at least in line with inflation.
- 2.63 All our statutory consultees sought an across the board increase to all pay ranges and salaries and allowances in payment, although NEOST believed an increase should not apply to allowances set at school level. When asked at oral evidence, consultees said there was no support for differentiated awards e.g. a higher award for teachers of STEM subjects. They referred to the collaborative nature of the work and the contribution of teachers in other subjects (e.g. improving literacy helping to improve performance in science, and the importance of pastoral work).
- 2.64 The five unions' joint submission also set out their view that pay progression and cost of living increases served separate purposes. They said a pay award must be applied to all salaries in payment to prevent teachers from falling further behind, with any decision on pay scale progression being separate from the cost of living increase. ASCL said guidance on school pay policies should indicate that pay uplifts must always be passed on in full to all staff. In oral evidence it advised caution on local application suggesting this could compound recruitment problems locally, particularly for the most challenging or disadvantaged schools if a potentially inflationary, competitive market developed. NAHT commented that often school governors did not have confidence to manage more complex pay systems.

- 2.65 NEOST said employers were almost unanimous in their view that conflating the cost of living award with performance-related progression was unhelpful, and sought a reversal of this provision. They wanted a cost of living increase, which would provide some underpinning protection for those teachers not receiving progression increases. Employers would not wish to make an award that was lower than those awarded to many other public sector workers. NEOST said individualised pay for teachers increased the possibility of equal pay claims and noted a cost to the increased complexity in the teacher pay system.
- 2.66 The NGA said the public sector pay award was, in effect, designed to be a cost of living rise and therefore separate from pay progression.
- 2.67 The Welsh Government said the imposed 1% pay increase should be added to all salaries and allowances of teachers and school leaders to ensure an equitable and fair distribution across the workforce. It challenged the notion that pay was a key driver for performance, and expressed concerns over the changes to performance-related pay, believing the changes were creating unnecessary problems for head teachers and diverting their attention from their primary role of leading teaching and learning.
- 2.68 All the teacher unions and the Welsh Government commented that many schools continued to rely on the discretionary reference points in DfE advice and saw no benefit in moving away from these, saying it was important for teachers to be able to see a clear progression path. In order to create consistency across schools, they asked the Review Body to reconsider their recommendation in the 24th report on discontinuing the publication of reference points and instead to support the retention of reference points.
- 2.69 On the question of targeting, all consultees said a pay award should apply across the board to both teachers and school leaders. They saw no case for treating school leaders differently.
- 2.70 All consultees, with the exception of NEOST, supported applying the pay award to all allowances in payment. NEOST proposed that an uplift should apply only to TLR payments, Special Educational Needs (SEN) allowances and unqualified teacher allowances.

CHAPTER 3

The teacher labour market: our analysis and commentary

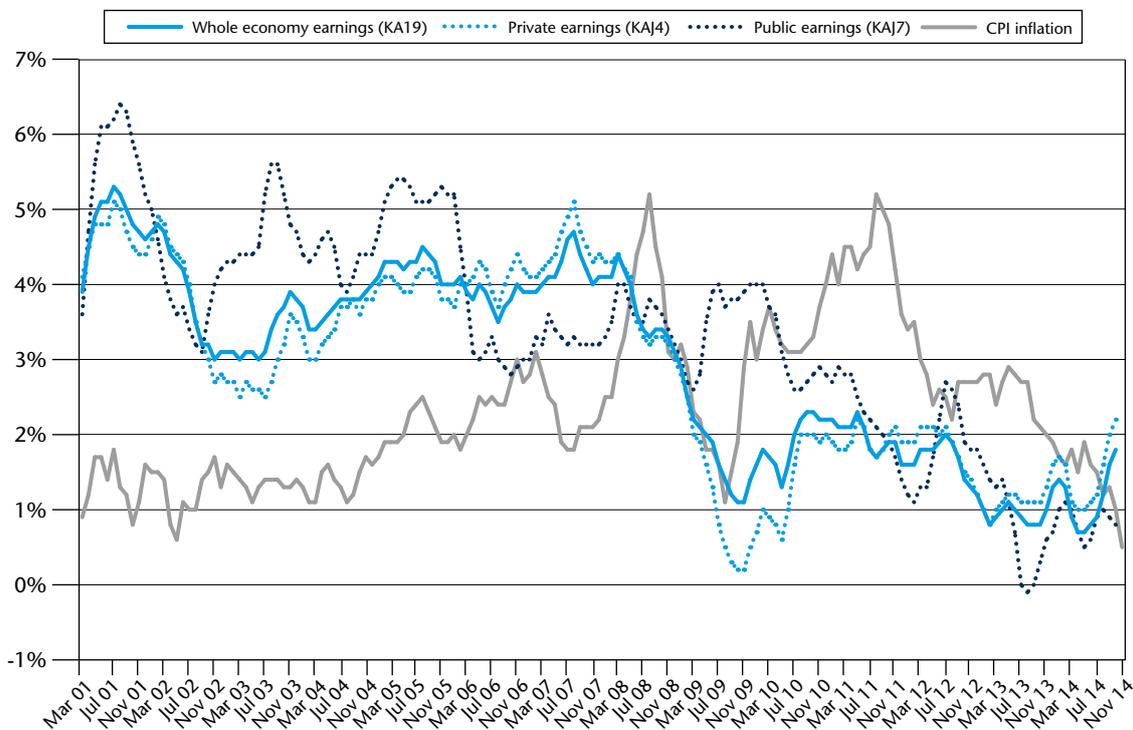
3.1 In Chapter 2 we set out consultees' evidence which included their assessment of the teacher labour market, wider economic situation and school finances. In this chapter we review the data, including the very latest economic indicators, wherever possible updating the analysis set out in our 22nd and 24th reports. We also provide more detailed analysis in some important areas such as graduate earnings comparisons and initial teacher training (ITT) recruitment, and set out our understanding of how school budgets have been affected by recent funding changes.

Economy-wide earnings and prices

3.2 Once again, we examined a long-term view of the changes in average earnings across the economy compared to changes in prices. Our analysis showed that earnings have grown throughout the period from 2001, but the period since autumn 2008 has seen prices growing at a faster rate, although the most recent earnings data suggest the gap between growth in earnings and prices has closed. For the three months to November 2014 average weekly earnings (excluding bonus payments) were 1.8%¹ higher than the same period a year earlier (public sector earnings growth measured 0.8% over this period). Prices, as measured by CPI inflation, grew by 1.0% over the same period.

Chart 1

Economy-wide average earnings (excluding bonuses) and CPI inflation (annual % changes), March 2001 – November 2014²



¹ OME analysis of ONS labour market statistics. The growth in average weekly earnings including bonuses was 1.7% over the same period.

² OME analysis of ONS labour market and consumer price statistics.

- 3.3 CPI inflation fell to 0.5% in December 2014. In its latest Inflation Report³, the Bank of England said that the main reason for CPI remaining well below target was the steep fall in wholesale energy prices during the second half of 2014. It said that inflation was likely to fall further in the near term, and could temporarily turn negative before ‘rebounding’ around the end of 2015 as falls in energy prices dropped out of the annual rate. It forecast that CPI would return to target within two years.
- 3.4 The UK economy has now seen eight consecutive quarters of growth, with GDP in 2014 estimated to have increased by 2.6% on 2013⁴. Whilst there remains some uncertainty in the economy due to a range of factors, including on future developments in the Eurozone and oil prices, the prospects in the wider labour market, including that for graduates, look encouraging. We consider the implications for the competitiveness of the teaching profession later in this chapter.

Teachers’ Pay

Pay settlements and earnings growth

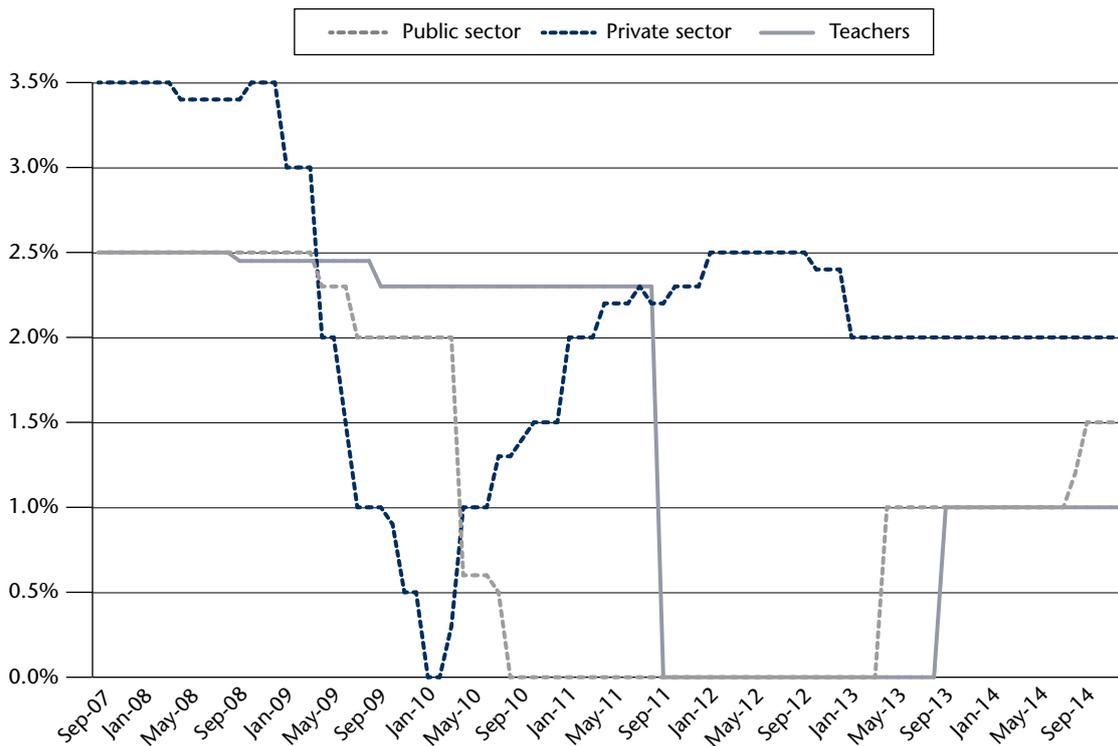
- 3.5 Chart 2 below sets out median headline pay settlements from September 2007 to December 2014. Teachers’ pay settlements were fairly stable at 2.3% to 2.5% until 2011, when the pay freeze began. This period included the three-year pay award for teachers which ran from September 2008 to August 2011, a time when median settlements elsewhere in the economy fell significantly.
- 3.6 In the public sector, median headline pay settlements fell to zero in the 12 months to August 2010, a year before the freeze was applied to teachers, and recovered to 1% in April 2013 as those who went into the pay freeze earlier came out of it. The value of median settlements in the private sector fell sharply in 2009, reaching zero in January 2010 in XpertHR’s database⁵. They have since recovered steadily with median settlements having stabilised at 2% over the past two years. The latest data, for the 12 months to December 2014, show private sector settlements averaging 2% and public sector settlements at 1.5%. The latter include some 30 opted-out local authorities who have awarded 1% to 2% pay rises in 2014, with some making the higher settlement to lower paid workers. Other areas of the public sector are clustered at 1%.

³ Bank of England (2015) *Inflation Report, February 2015*.

⁴ ONS (2015) *Gross Domestic Product Preliminary Estimate, Q4 2014*.

⁵ OME analysis of XpertHR settlements data.

Chart 2
Median pay settlements (%), (12 months ending) Sep 2007 to Dec 2014⁶

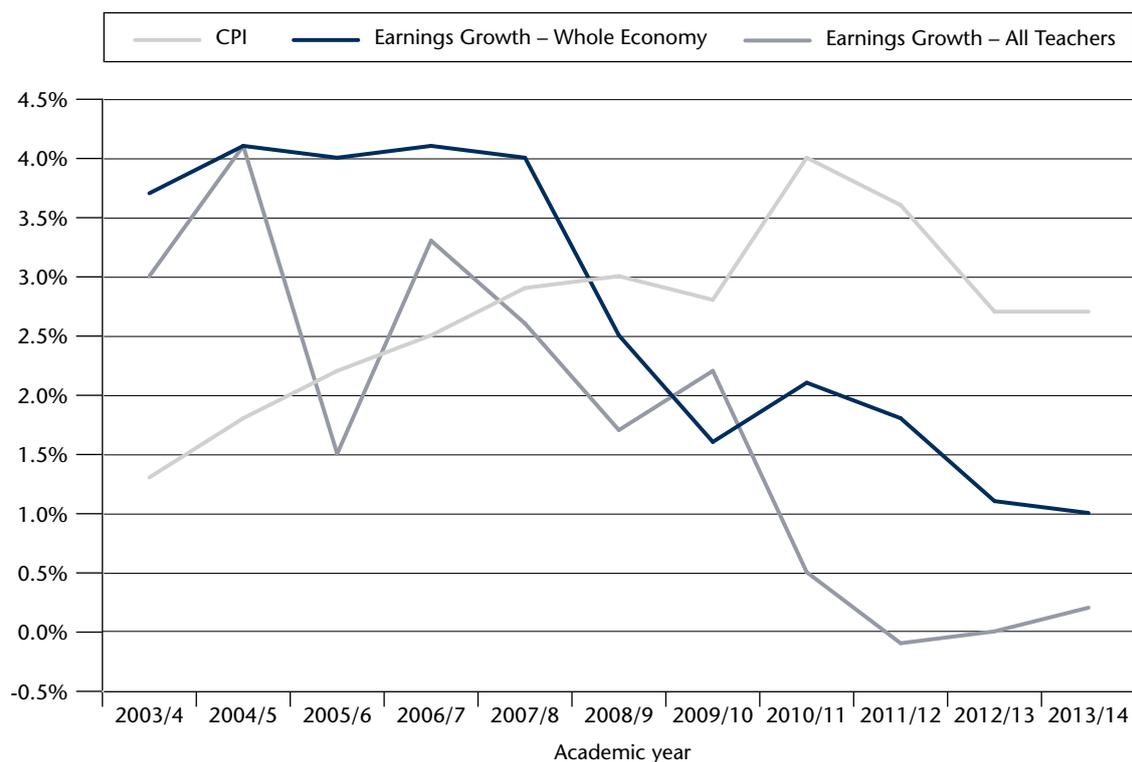


Teachers' earnings growth

3.7 Over the last decade, teachers' median earnings have tended to grow at a slower rate than earnings across the economy as a whole. Chart 3 below shows the changes in median teacher earnings compared to changes in CPI inflation and economy-wide earnings growth. Earnings growth across the profession has been close to zero since 2010/11. This reflects the impact of the pay freeze and the replacement of older, higher-paid teachers with new recruits as part of the labour market cycle.

⁶ OME analysis of XperTHR pay settlements data.

Chart 3
Growth in teachers' median earnings compared to economy-wide earnings growth and CPI inflation⁷, 2003/4 – 2013/14



3.8 In common with others across the public sector, teachers in England and Wales experienced two years of the pay scales being frozen, followed by two years of awards in line with the Government's public sector pay policy of an average 1% increase, in September 2013 and September 2014. Whilst many teachers have continued to receive progression-based increments of up to 8% on the main pay range, others (approximately 44%)⁸ are at the top of their respective pay ranges and have seen little change in their annual salary during this period unless they have taken on new responsibilities.

Teachers' earnings compared to other professional occupations

3.9 We have again examined a range of analyses of teachers' earnings, comparing both the starting pay and the profession-wide earnings with those of other professions. As in previous reports, we compare teachers' earnings with those of other *professional occupations*⁹ as described by the Standard Occupational Classification (SOC).

Starting pay and the wider graduate market

3.10 There are a range of sources of starting pay data for graduates. These vary in their approach with some more up to date than others. Some are also weighted towards large 'graduate scheme' recruiters, which tend to recruit significant proportions in London

⁷ OME analysis of ONS Consumer Prices and Labour Market statistics, DfE Evidence to STRB 2013 and OME analysis of the School Workforce Census. Inflation and earnings data have been annualised to academic years. Teachers' earnings growth is based on annual changes to median earnings. Economy-wide earnings are based on changes to the Average Weekly Earnings index.

⁸ OME analysis of DfE 2013 School Workforce Census data.

⁹ 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' comparator group excludes teachers.

and the South East. In addition, some caution is required with regional figures as the number of vacancies in some regions is small. Nonetheless, with these caveats in mind, these sources contribute to a broad picture of graduate earnings. The following table summarises the headline information on graduate salaries; this is followed by our analysis of HESA (Higher Education Statistics Agency) data drawn from individual graduates which, while less timely, provide a more robust data source covering a greater range of graduate employers and allowing more detailed analysis by region and occupation^{10,11}.

Table 4
Graduate starting salaries, 2012-2014

	2012	2013	2014
HESA – Higher Education Statistics Agency¹² (median)	£25,000 (£27,000 London)	£25,000 (£26,000 London)	–
AGR – Association of Graduate Recruiters (median)	£25,000	£26,500	£27,000
High Fliers (median)	£29,000	£29,000	£29,500
IDS – Incomes Data Services (median)	£25,500	£25,000	£26,000
Teachers (minimum)	£21,588 (£27,000 Inner London)	£21,804 (£27,270 Inner London)	£22,023 (£27,543 Inner London)

AGR Graduate Recruitment Survey¹³

3.11 The AGR is a membership organisation and its surveys are based on returns from some 200 of its members (there is some overlap with High Fliers). Collectively, these are estimated to have offered a total of 22,000 vacancies (46% in London) during the recruitment season for 2013 graduates. A large variety of business sectors responded to the survey (law firms were the largest sectoral category surveyed (16%), followed by engineering or industrial companies (14%), IT (8%) and consulting (8%)). Key points from its summer 2014 review were:

- Greater confidence and optimism in the graduate recruitment market with a predicted 17% increase in vacancy levels for 2014 graduates. This follows a 4.3% increase in the previous year.
- The median starting salary for 2014 is estimated to be £27,000 (marginally higher than the previous year).
- Investment bank or fund managers continued to offer the highest graduate starting salaries at £43,000, followed by law firms at £37,000. Average starting salaries for other sectors ranged from £24,000 to £33,000.

¹⁰The HESA Destination of Leavers from Higher Education (DLHE) survey is an official annual survey sent to all students approximately six months after their graduation (the latest data relate to 2013 graduates). The survey permits detailed analysis of pay by region and occupation. This allows us to estimate the salaries of graduates entering non-teaching *professional occupations* in a wide range of organisation types. The survey achieved a response rate of 75% and provided some 45,000 salary records in the group of *professional occupations*.

¹¹Copyright Higher Education Statistics Agency Limited 2013. HESA cannot accept responsibility for any inferences or conclusions derived from the data by third parties.

¹²OME analysis of HESA Destination of Leavers from Higher Education (DLHE) survey. HESA starting salary figures are based on first and higher degree holders entering *professional occupations*. HESA estimates show the range of starting salaries across regions and are rounded to the nearest £1,000.

¹³AGR (2014) *The AGR graduate recruitment survey Summer Review 2014*.

- London attracted higher starting salary levels (a median salary of £29,250), followed by the South East (£26,000) with most other English regions having a median salary of £25,000. Median salaries in Wales were also £25,000.

High Fliers – The Graduate Market in 2015¹⁴

3.12 This report is based on a study of graduate recruitment at the organisations named as The Times Top 100 Graduate Employers. The organisations tend to run ‘graduate schemes’ and collectively recruited over 18,000 graduates in 2014. The study took place in December 2014 and the salaries quoted are the average national salaries promoted by employers, excluding additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes. Key findings were:

- Employers increased their graduate recruitment by 7.9% in 2014 (having increased by 2.5% in 2013) and plan further increases of 8.1% in 2015.
- In 2014, the most generous salaries were those on offer from investment banks (median of £45,000), law firms (£39,500), banking and finance (£33,500), many of which have London bases. The median starting salary for public sector organisations covered by the study was £22,000.

The most recent report from High Fliers suggests that employers are expecting to offer a median starting salary of £30,000 for graduates starting work in 2015 (up from £29,500 in 2014).

IDS Pay and Progression for graduates 2014¹⁵

3.13 The IDS report is based on responses from over 100 graduate employers in both public and private sectors. Again, many of these are likely to run dedicated ‘graduate schemes’ and there is likely to be some overlap with the previously listed studies. Key points from its latest report were:

- Vacancies were increasing, although employers were making only modest increases to pay. Some were freezing starting pay for the second year.
- The overall forecast median salary was £26,000 in 2014. The highest medians were in London (£27,000) and the South East (£26,000). Elsewhere, median salaries in all other English regions were expected to be £25,000.

Higher Education Statistics Agency (HESA) data

3.14 This section examines the latest available earnings data collected by the Higher Education Statistics Agency (HESA) from graduates in 2013¹⁶. Chart 5 below updates our previous analysis comparing teachers’ minimum starting pay to that of graduates entering other *professional occupations*. It is worth noting that the minimum of the teachers’ main pay range has been used as the starting salary for teachers, but schools have the freedom to pay more.

3.15 The chart shows that teachers’ starting salaries marginally trail median starting salaries for other professions across the majority of regions, except London where teachers’ starting salaries have a marginal lead. Differences were more marked across all regions with the inclusion in the comparator group of graduates with higher degrees and the greatest difference was in the South East¹⁷. Across most regions the relative position of classroom teachers’ starting salaries had improved slightly since 2012; this reflects unchanged median graduate starting salaries in 2013 while those of teachers have increased by 1%.

¹⁴ High Fliers (2015) *The graduate market in 2015* (2014 salaries cited are from 2014 edition).

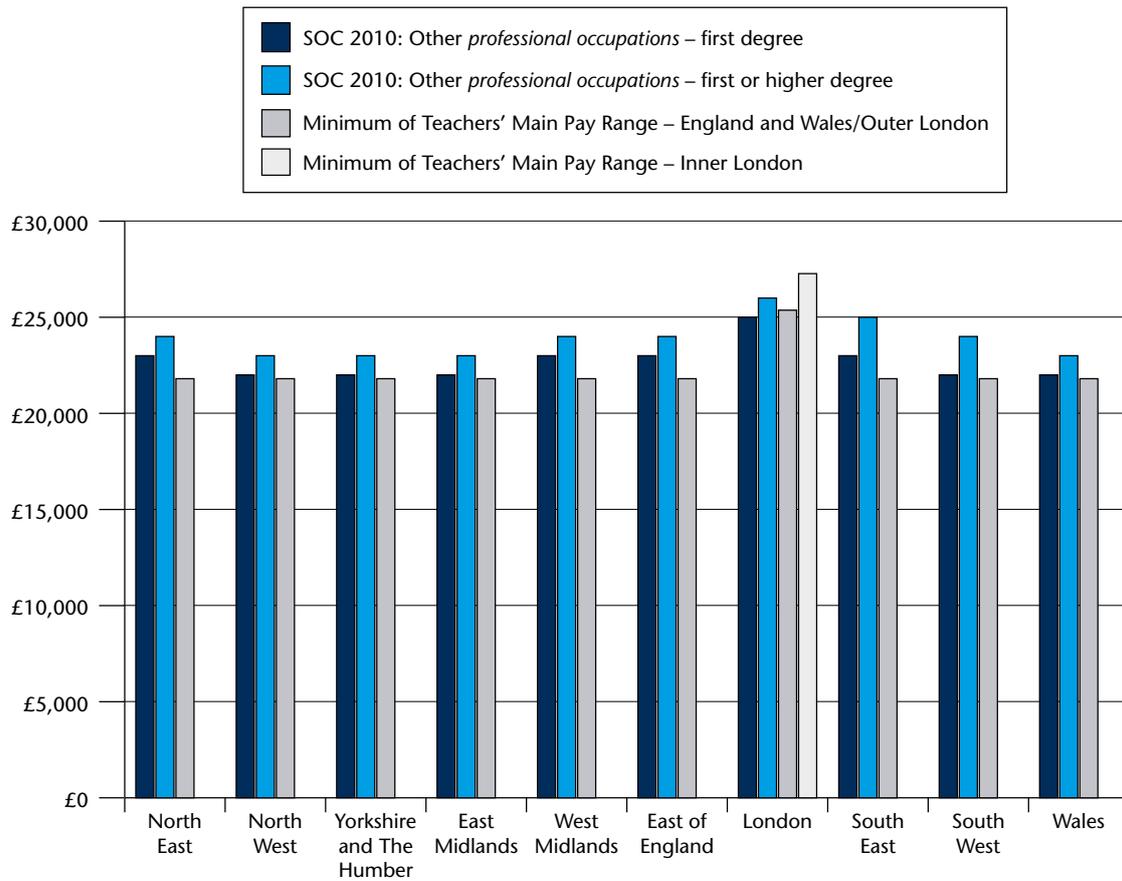
¹⁵ IDS (2014) *Pay and progression for graduates 2014*.

¹⁶ OME analysis of HESA Destination of Leavers from Higher Education (DLHE) survey.

¹⁷ Higher degrees include research and taught doctorate (incorporating New Route PhD) and masters degrees and postgraduate bachelors degrees at level M (including Masters in Teaching and Learning).

Chart 5

Classroom teachers' minimum starting salaries compared to median starting salaries of graduates entering other *professional occupations*, 2013



3.16 Chart 6 below shows the *ranges* of starting salaries for other *professional occupations*. As well as the median (the central value when all earnings observations are ordered) the chart also shows the inter-quartile range (the middle 50% of the earnings distribution), the 5th percentile (the value below which 5% of earnings observations are found) and the 95th percentile (the value above which 5% of earnings observations are found). As for 2012, the 2013 chart shows there is considerable variation of starting salaries around the median for graduates entering other *professional occupations*. This analysis is consistent with data from the High Fliers and AGR surveys showing that graduates entering certain professions can have significantly higher starting salaries.

Chart 6
Starting salaries of 2013 graduates entering other *professional occupations*, 2013/14 (median, inter-quartile range, 5th and 95th percentiles)



Comparisons with specific occupations

3.17 To complement the headline comparison with the other *professional occupations* group and to provide some additional detail, the HESA data allow us to examine starting salaries for the individual professions within the wider occupational groupings. Graduates enter the whole range of occupational categories (as described by the SOC¹⁸) although some 80% of those in full-time employment were recorded as working in occupational groups located towards the top end of the SOC hierarchy (i.e. those described as *Managers, Directors and Senior Officials, Professional Occupations* and *Associate Professional and Technical*)¹⁹. The following charts present the median starting salary data for detailed occupations within these groupings alongside teachers' minimum starting pay²⁰.

3.18 Key points are:

- In (the rest of) England and Wales, detailed occupations within the wider *professional occupations* group tend to be the highest paying (i.e. are largely clustered towards the bottom of the chart).
- In London, finance and IT-related occupations tend to dominate the higher paying professions.
- A number of largely public sector occupations are among higher paying occupations, including medical practitioners, social workers and Higher Education professionals.

¹⁸ Standard Occupational Classification.

¹⁹ OME analysis of HESA Destination of Leavers from Higher Education (DLHE) survey.

²⁰ 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.

Chart 7a
Median starting pay of 2013 first/higher degree graduates, by specific occupation in England and Wales (excluding London)

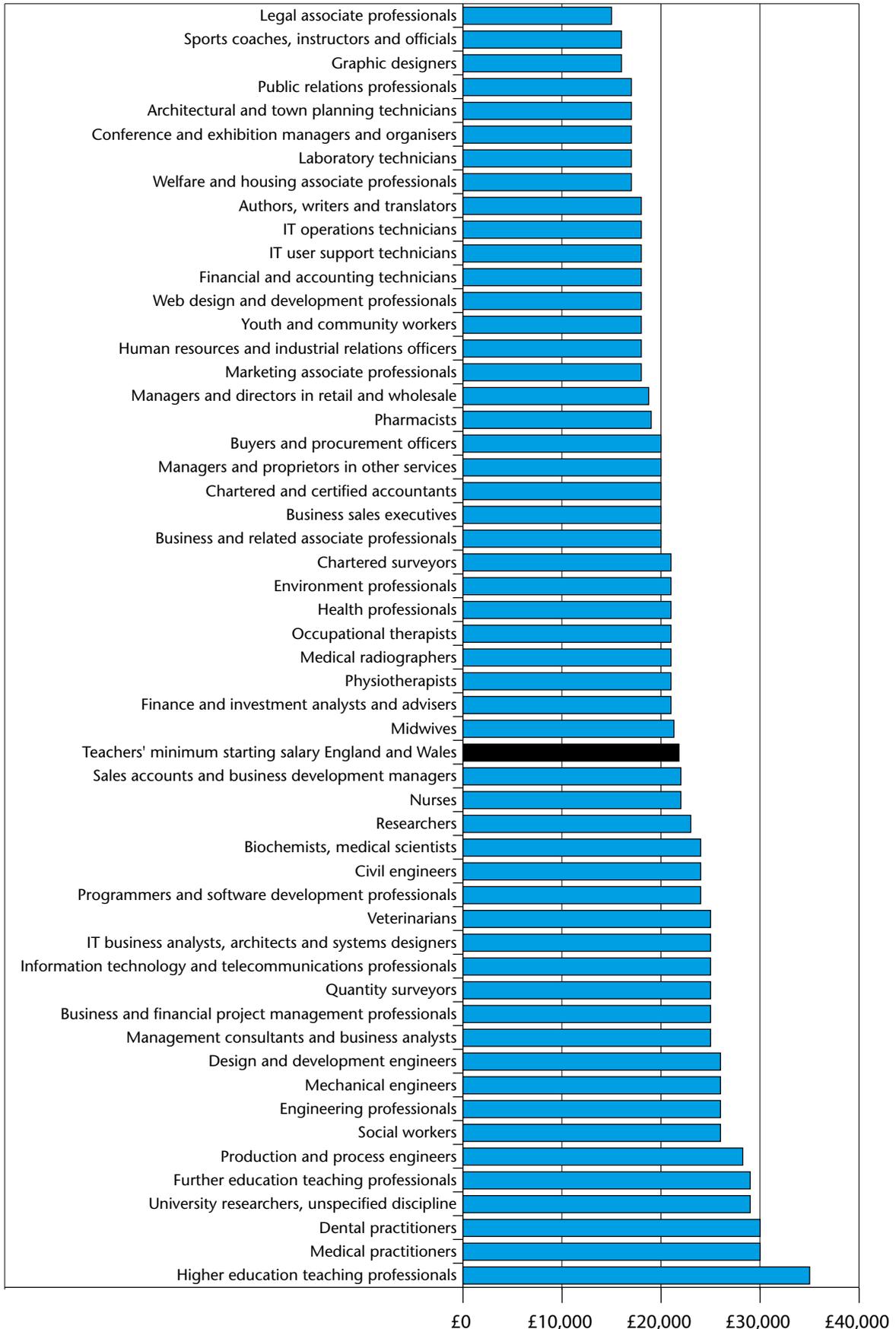
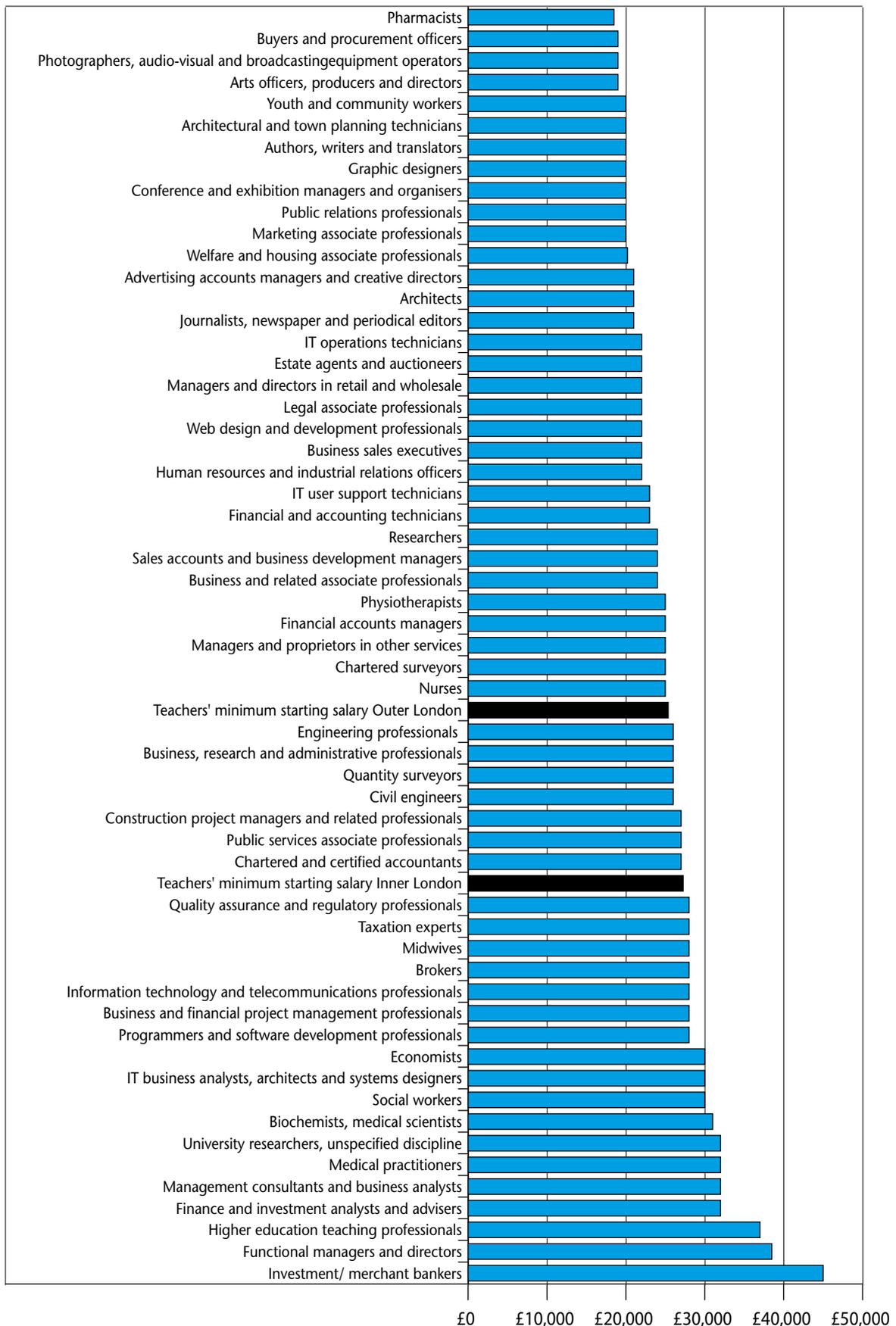


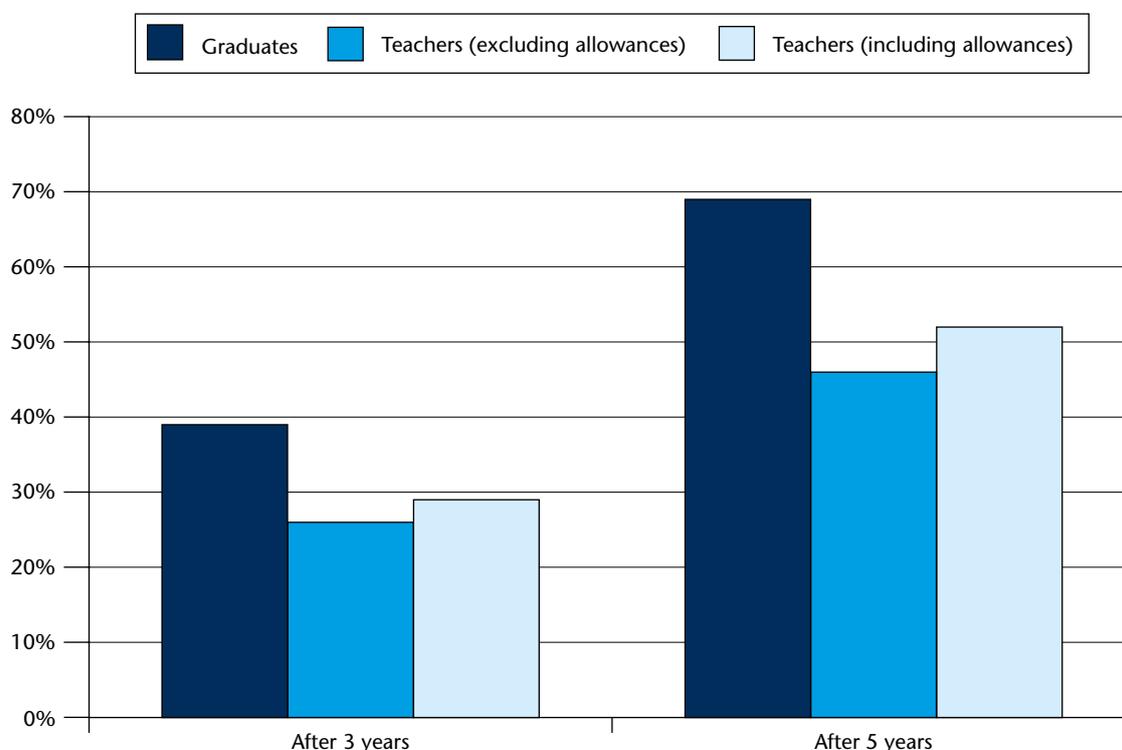
Chart 7b
Median starting pay of 2013 first/higher degree graduates, by specific occupation in London



Graduate pay progression

- 3.19 For many graduates, an important consideration in occupational choice relates to their expectation of salary progression in their early years of employment. IDS²¹ found in its 2014 report that average salaries of graduates with three-year tenure was 38.5% higher than the corresponding average starting rate; graduates with five-year tenure had an average salary some 69% higher than the starting rate (see chart 8 below). The previous year's data showed respective increases of 37% and 71%. The IDS study found that where graduate employers reported problems retaining graduates, the most commonly cited reason was an inability to provide the career progression that graduates seek.
- 3.20 We noted consultees' comments in Chapter 2 about the importance of the pay structure at the three to five year point. Teachers in England and Wales who have received annual progression increases have typically seen their salaries increase through annual pay progression by 26% after three years and by 46% after five years (from the minimum to the maximum of the main pay range). For a significant proportion of teachers with three and five years' experience, this has been enhanced further through additional allowances or responsibility payments. The salary for teachers reaching the top of the upper pay range (typically after 10 years) has been some 70% higher than their starting salary.
- 3.21 Our 21st report recommended differentiated performance-based progression but set out a clear expectation that, subject to good performance, a teacher could expect to reach the top of the main pay range within five years, with the best teachers able to progress more quickly. We comment further in Chapter 4 on the implementation of performance-based progression.

Chart 8
Graduate and teacher pay progression (% change over starting pay after 3 and 5 years)²²



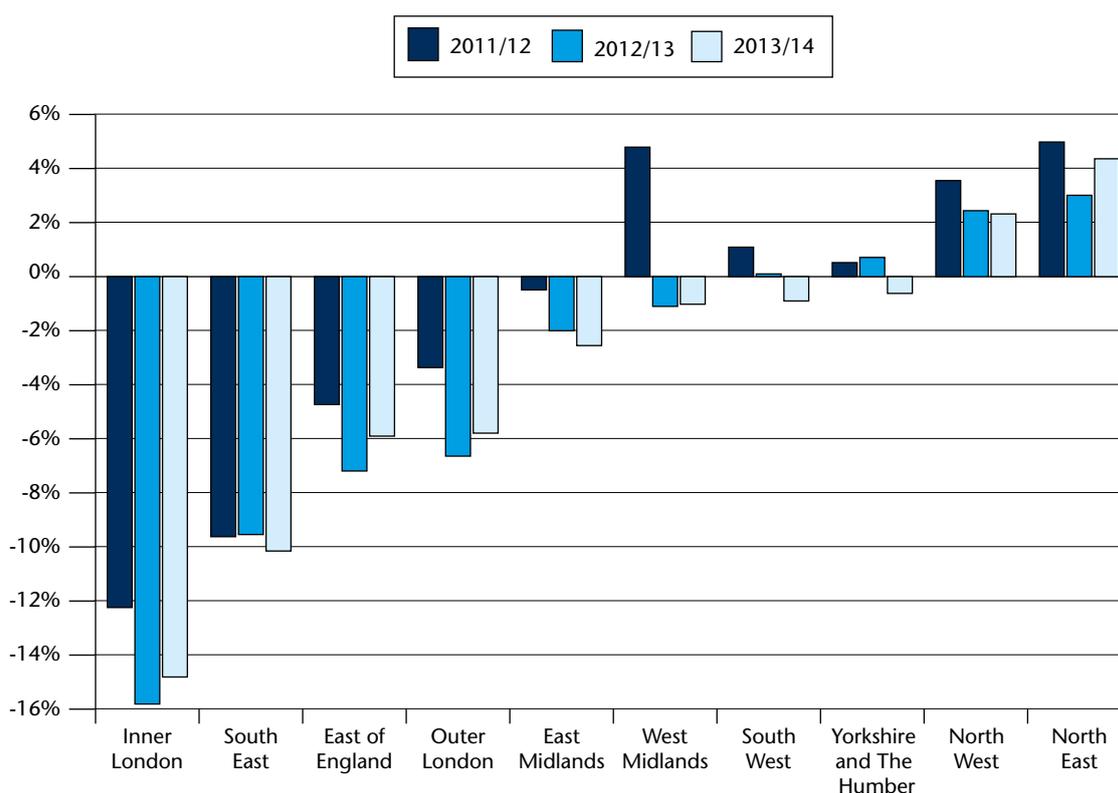
²¹ IDS (2014) *Pay and progression for graduates 2014*.

²² IDS (2014) *Pay and progression for graduates 2014* and OME analysis of DfE School Workforce Census 2013. Figures for teachers with allowances include the average earnings from allowances for teachers with three and five years' service.

Profession-wide earnings compared to other occupations

3.22 Chart 9 below provides an update of the regional earnings analysis set out in our recent reports. The chart shows that in 2013/14 classroom teachers' median earnings trailed those of other professionals in 8 (of 10) regions compared with 6 (of 10) regions in 2012/13. Across all regions the relative position of classroom teachers' earnings had worsened since 2011/12, although it had improved slightly in some regions since 2012/13. While some caution is needed because of sample sizes in the regional comparator data, the latest figures provide some confirmation of the deterioration in the relative position of teachers over the past two years.

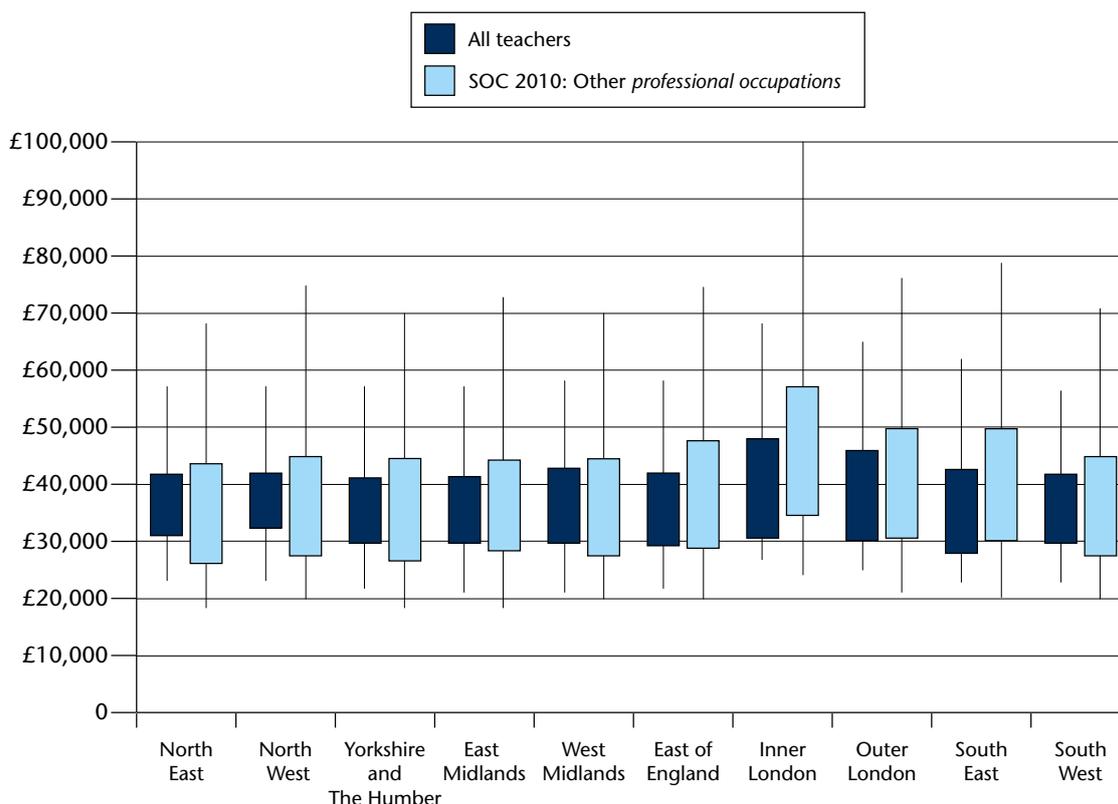
Chart 9 – Classroom teachers' median earnings compared to other professional occupations (% difference), 2011/12 – 2013/14²³



3.23 Chart 10 below draws on the same data sources but examines the earnings *distributions* of the teaching profession (including school leaders) compared to other *professional occupations*. As we observed in the 2012/13 data, it shows that the comparator groups have wider earnings ranges than teachers, and that these ranges demonstrate the potential in some other professions to reach much higher levels of earnings than those in the teaching profession.

²³ OME analysis of DfE School Workforce Census (SWC) and ONS Annual Survey of Hours and Earnings (ASHE) data. The SWC covers teachers in England only. All estimates for other *professional occupations* are associated with a margin of error, but where sample sizes are small the margins of error will be wider as a consequence.

Chart 10
Teachers' and school leaders' earnings compared to other professional occupations, 2013/14 – Inter-quartile range, 5th and 95th percentiles



3.24 The position of teachers' earnings, in terms of both starting salaries and profession-wide earnings, has remained broadly similar since our last report, although we have noted evidence that some graduate employers have modestly increased their starting salaries in 2014 and plan to do so again in 2015. Profession-wide earnings for teachers in 2013/14 continue to trail those of other professions in most regions.

Recruitment and Retention

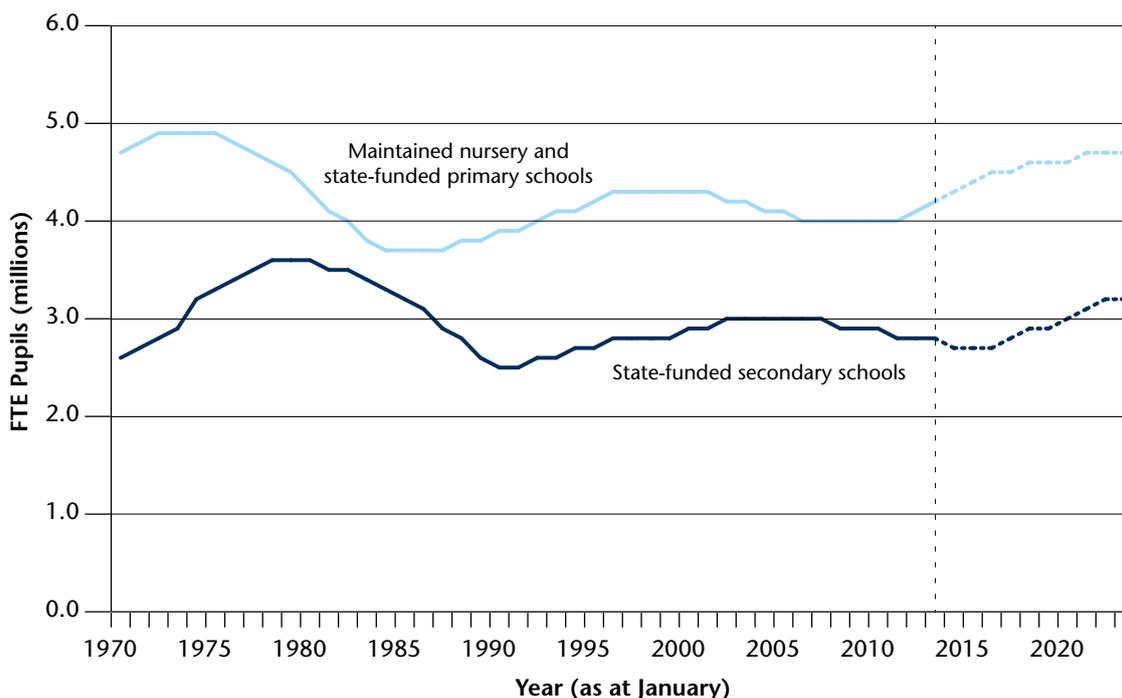
Future demand for teachers

3.25 The latest pupil projections data for England show that overall, pupil numbers (aged up to and including 15) in state-funded schools began to increase in 2011 and are projected to continue rising:

- By 2023, the number of pupils in state-funded primary schools will increase to 4.661 million, 9% higher than in 2014.
- Secondary-aged pupil numbers have been declining since 2004. However, this trend will start to reverse in 2016, and by 2020 numbers are expected to exceed their previous 2004 high, as the growth in primary-aged pupils begins to feed through. By 2023, the number of state-funded secondary pupils aged up to and including 15 is projected to be 17% higher compared to 2014²⁴.

²⁴ DfE (2014) *SFR53/2013 National Pupil projections: Future trends in pupil numbers, July 2014*.

Chart 11
Number of pupils (aged up to age 15) in England (millions)



3.26 Long-term projections of pupil numbers are at a national level. The Office of National Statistics (ONS) produces shorter-term projections of the numbers of the school-aged population by region. Its latest projections are that:

- By 2017, all regions in England are projected to have an increase in their primary-aged population (aged 5 to 10) compared with 2012. This ranges from around 14% in London to around 9% in the North West, North East, West Midlands and Yorkshire and the Humber.
- In 2015, the 11 to 15 population in London is projected to stabilise, but elsewhere 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 increase. The North East and the South West are predicted to experience their first annual growth in this age group in 2017.
- There is likely to be considerable sub-regional variation within these estimates.

3.27 In Wales, primary pupil numbers are expected to increase by around 5% from 2014 to 2022. Secondary school numbers are expected to decrease over the next few years, followed by a recovery as the increased primary numbers feed through to the secondary sector. The projections suggest a net increase across both phases of some 4% over the period to 2022^{25,26}.

Support staff and pupil teacher ratios

3.28 There has been a significant change in the balance of teaching and support staff over the past decade²⁷.

- In England, the number of teaching support staff (including teaching assistants, special needs support and minority ethnic needs support staff) has increased by 66%, from 147,000 in 2005 to 244,000 in 2013.

²⁵ OME analysis of Welsh Assembly Pupil Projections statistics.

²⁶ Projections for England and Wales have been revised downwards since our 24th Report.

²⁷ OME analysis of DfE School Workforce statistics and Welsh Government Schools Census statistics. Covers period to 2013.

- In Wales, the number of teaching support staff (including teaching assistants, special needs support and minority ethnic needs support staff) increased by 84%, from just under 10,000 in 2005/06 to 18,300 in 2012/13.
- 3.29 Pupil to teacher ratios (PTRs) and pupil to adult ratios (PARs – which include teaching support staff, but exclude administrative and clerical staff)²⁸ are affected by changes in numbers of pupils, teachers and support staff. Recent trends show improvements to the ratios:
- In England, PTRs in both primary and secondary maintained schools have decreased since 2005 (from 22.5 to 20.8 in primary and from 16.7 to 15.4 in secondary). PARs have also decreased due to increasing numbers of support staff (from 13.4 to 11.3 in primary and from 12.2 to 10.3 in secondary). Figures for academies are similar to maintained schools.
 - In Wales, primary and secondary PTRs have remained broadly flat since 2005 (PTRs in 2012/13 were 20.8 in primary and 16.3 in secondary). PARs have decreased since 2005 (from 12.8 to 9.8 in primary schools and from 13.2 to 11.2 in secondary schools).

Initial Teacher Training in England

- 3.30 The routes into teaching can be divided broadly into university-led training (with provision for undergraduates and postgraduates) and school-centred training, which has grown in importance in recent years, through School Direct (salaried or unsalaried) and school-centred initial teacher training (SCITT).
- 3.31 In addition to the main routes covered in the following analysis, Teach First offers a two-year scheme which includes a Leadership Development Programme and management skills training for well-qualified graduates to work in schools serving low-income communities across the UK. Teach First recruited over 1,400 trainees in 2014.

Bursaries

- 3.32 Incentives are available to teacher trainees in both England and Wales. Financial support is focused on priority subjects and the recruitment of high-calibre candidates, with the precise amounts available reflecting these variables. Examples in England include bursaries ranging from £4,000 to £25,000 (the latter for trainees with a first class degree in chemistry, maths or modern languages and for those with a first or upper second class degree in physics) and competitive scholarships of up to £25,000 to support recruitment to maths, physics, chemistry and computing. In Wales, incentive grants range from £2,000 to £20,000 (the latter for trainees with a first class degree (or 2:1 in physics) who are entering training to teach maths, physics and chemistry).

Allocation and take-up of ITT places

- 3.33 The Department uses its Teacher Supply Model (TSM)²⁹ to calculate the target number of ITT places for public finance purposes, but the model does not attempt to match the future supply of teachers to the estimated demand for qualified teachers in particular regions or localities. The model simulates flows into and out of teaching and takes account of a range of factors, including the drop-out rate of trainee teachers, subsequent wastage among qualified teachers, pupil projections and policy changes that impact on the take-up of particular subjects. Recent improvements include the modelling of separate numbers for all the main secondary curriculum subjects rather than just the EBacc subjects.

²⁸ OME analysis of DfE school workforce statistics and Welsh Government Schools Census data.

²⁹ Available at <https://www.gov.uk/government/publications/teacher-supply-model>

3.34 Based on the model's estimates, NCTL allocates teacher training places to accredited ITT providers and lead schools involved in the School Direct scheme. Numbers of places are *over-allocations*, based on previous years' recruitment levels. In 2014/15, NCTL allocated 118% of the estimated 'number of trainees required' and filled 93% of the *latter* (i.e. the 'required number of trainees'). In absolute terms, it allocated 41,071 places for a required 34,890 trainees, and filled 32,543 places. Figures on the number of places filled are presented in Table 13 below.

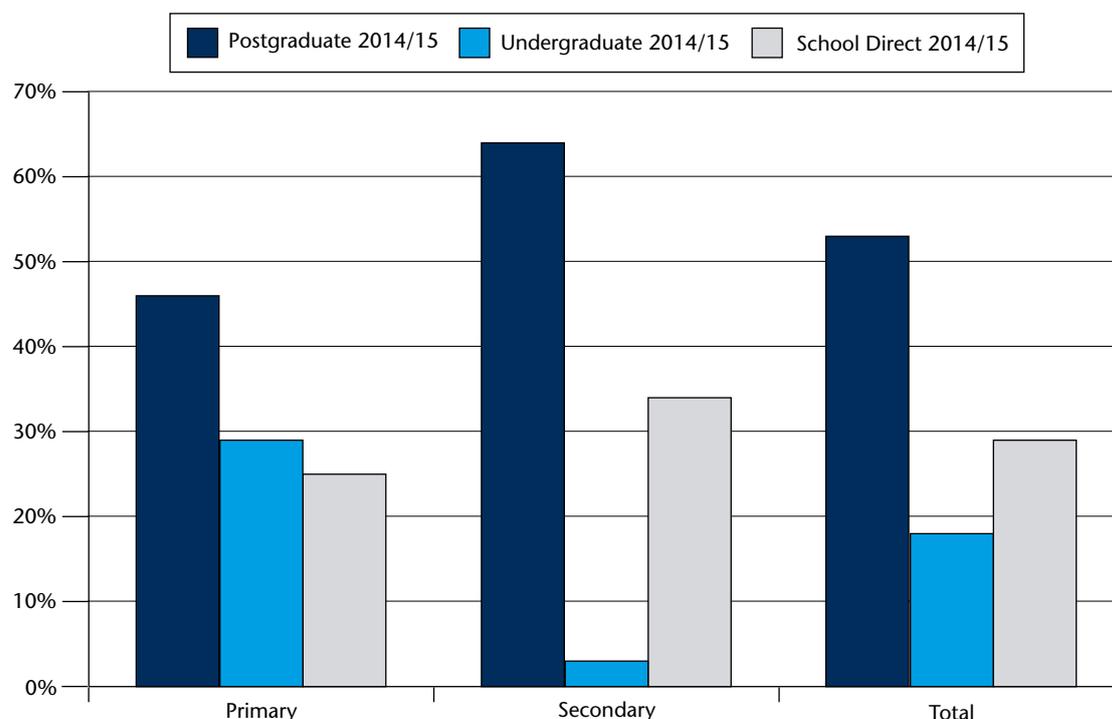
3.35 The allocations data also demonstrate that there has been a significant change in the proportion of places by ITT route in the last three years. The proportion of places allocated to the School Direct route was 25% in 2013/14. This increased to 33% in 2014/15 and the initial figures for 2015/16 suggest the figure will increase further to 40%. We note recently released data showing that provider-led routes filled 89% of their initial allocated places in 2014/15 while School Direct routes filled 61% of their allocated places in total³⁰.

ITT routes into teaching

3.36 As in our last report, we have examined the breakdown of ITT recruitment between PGCE, undergraduate and School Direct routes (see chart 12 below)³¹. Key points on the latest recruitment data are:

- There was a considerable shift from postgraduate routes to School Direct in 2014/15. Overall, 53% of recruits were to traditional PGCE courses (62% in 2013/14), 29% to School Direct (20% in 2013/14) and 18% to undergraduate courses (17% in 2013/14).
- Analysis of primary and secondary phases showed that while the PGCE route is most common across both phases, undergraduate training remains much more important for primary training (29% compared to 3% for secondary). School Direct now accounts for about a third of secondary and a quarter of primary trainees.

Chart 12
Recruits to 2014/15 ITT, England, by phase and training route (%)



³⁰ DfE (2014), *Initial teacher training census for the academic year 2014 to 2015*.

³¹ OME analysis of DfE ITT Census 2013/14 and 2014/15.

Gender, age and ethnicity of recruits to ITT (England 2014/15)

- 3.37 Some 21% of recruits to primary ITT and 40% of recruits to secondary ITT were men (little changed from 21% and 38% in 2013/14). The corresponding percentages for the whole teacher workforce in England are 13% and 36% respectively, down slightly on the previous year (14% and 38%).
- 3.38 Overall, 39% of recruits to ITT were aged 25 or over (45% in 2013/14). 11% were 35 or over (12% in 2013/14). Higher proportions of older recruits used the School Direct routes, especially the 'salaried' variant.
- 3.39 While 12% of new recruits were of Black and Minority Ethnic (BME) origin, broadly in line with last year's figure and with the profile of the wider teaching workforce, this is significantly lower than the school age population for which BME groups make up nearly a quarter of the population³².

Recruitment against target

- 3.40 The table below provides headline national figures on recruitment to ITT courses compared to the target ('estimate of number of trainees required') over recent years. The data cover both HE and employment-based routes. The table shows that aggregate recruitment has been falling in the most recent years, both as a percentage of target and in absolute terms³³.

Table 13
Recruitment to ITT compared to target, England

	Recruitment as % of target			<i>Total number recruited</i>	<i>Implied target</i>
	Secondary	Primary	Total		
2008/09	102%	101%	102%	37,450	36,845
2009/10	115%	101%	108%	39,010	36,170
2010/11	115%	98%	107%	37,800	35,485
2011/12	109%	101%	104%	35,720	34,285
2012/13	100%	100%	99%	34,880	35,295
2013/14	96%	94%	95%	32,779	34,470
2014/15	91%	93%	93%	32,543	34,890

- 3.41 Charts 14 and 15 below provide more detail on ITT recruitment in 2014, and for previous years, by phase and subject. Key points are:
- In 2014/15, 93% of primary training places were filled. This is the second consecutive year that the primary target has not been met (chart 14).
 - In 2014/15, recruitment levels varied across secondary subjects. There were more trainees registered to teach art, history and English, than target places (132%, 125% and 122% of targets respectively). For other subjects, there were fewer trainees registered than target places (e.g. design and technology 44%, physics 67%, modern languages 79%, maths 88%) (chart 14).

³² OME analysis of ONS population estimates (age 0-19).

³³ OME analysis of DfE Initial teacher training performance profiles data.

- Across recent years, English, history and art have consistently exceeded their target number of places. In contrast, maths, physics, biology, design and technology and modern languages have failed to meet their targets for at least the past two years (and longer for some) (chart 15).

Chart 14
ITT entrants by subject, compared to target (%), England, 2014/15

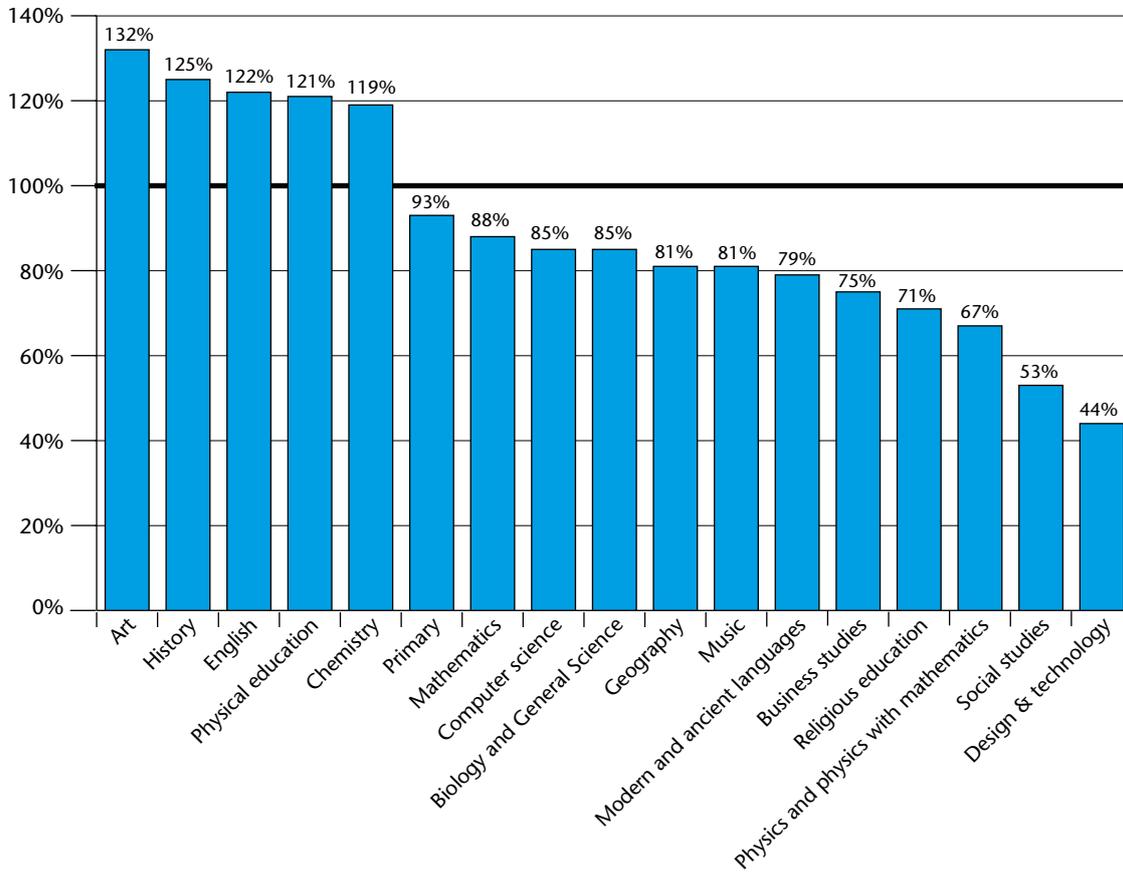
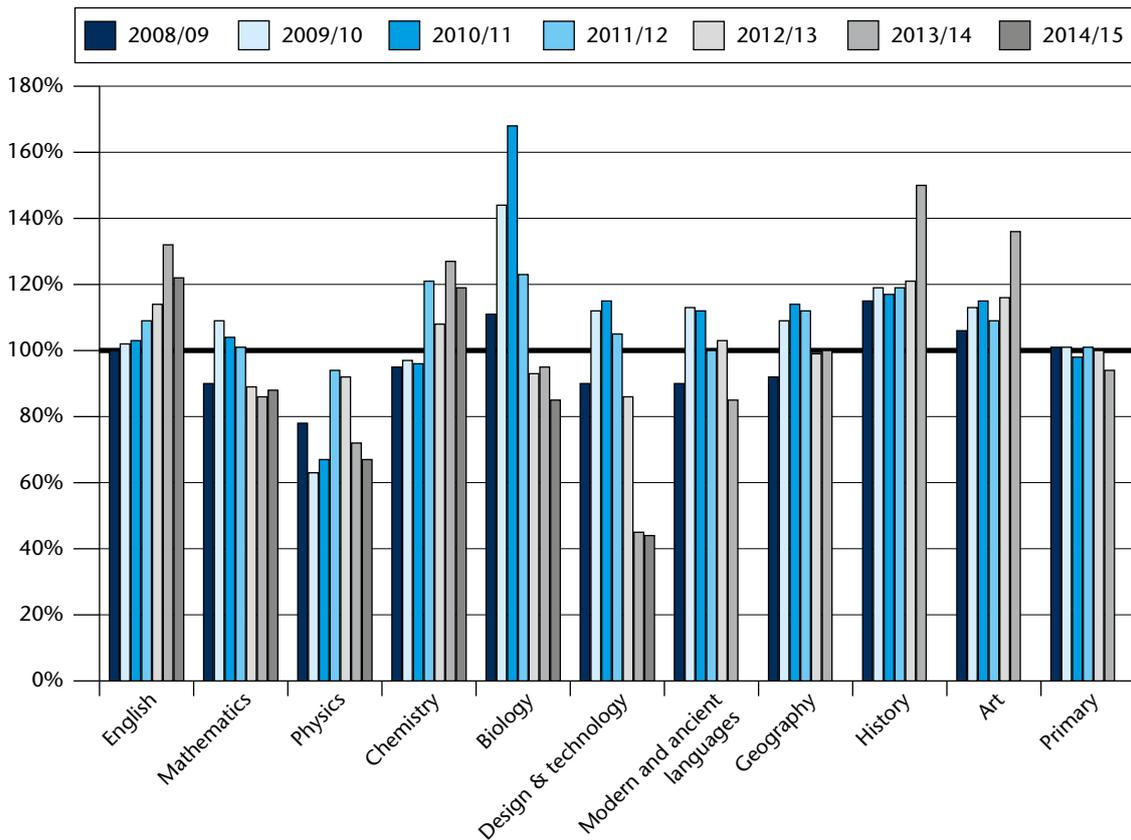


Chart 15
ITT entrants by subject compared to target (%), England, 2008/09 – 2014/15



ITT outcomes

3.42 In most recent years, approximately 90% of trainees commencing their courses went on to achieve Qualified Teacher Status (QTS). This figure varied between 89% and 90% in the years 2010-2012 but dropped to 87% in newly released data for 2013³⁴.

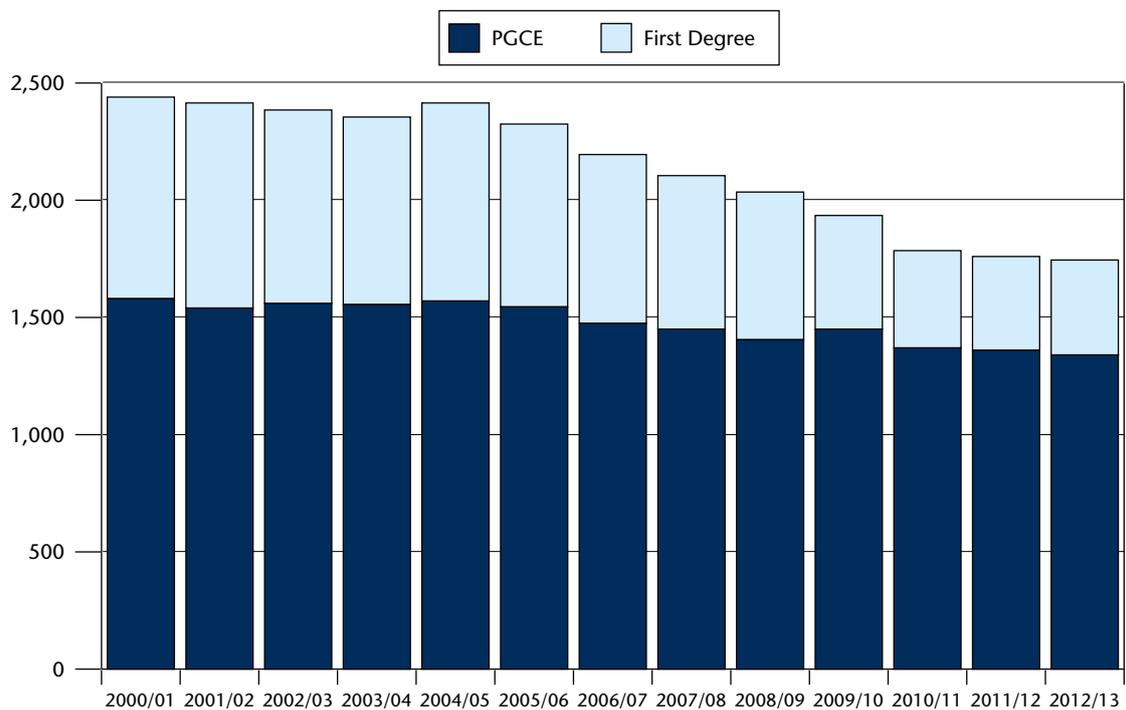
Initial Teacher Training in Wales

3.43 The Welsh Government has continued to reduce ITT places. As chart 16 demonstrates, overall intake numbers have reduced significantly since 2004/05 following a review of ITT provision in Wales and based on evidence of past over-supply of teachers. The Welsh Government’s assessment is that ITT intake numbers should be retained at current levels for 2014/15. The number of places on employment-based routes remains relatively small, at around 4% of overall places leading to QTS in Wales³⁵.

³⁴ DfE (2014) *Initial Teacher Training Performance Profiles: academic year 2012 to 2013* (covers England only).

³⁵ Welsh Government (2014) *Written submission to STRB*.

Chart 16
First year students on ITT courses in Wales³⁶



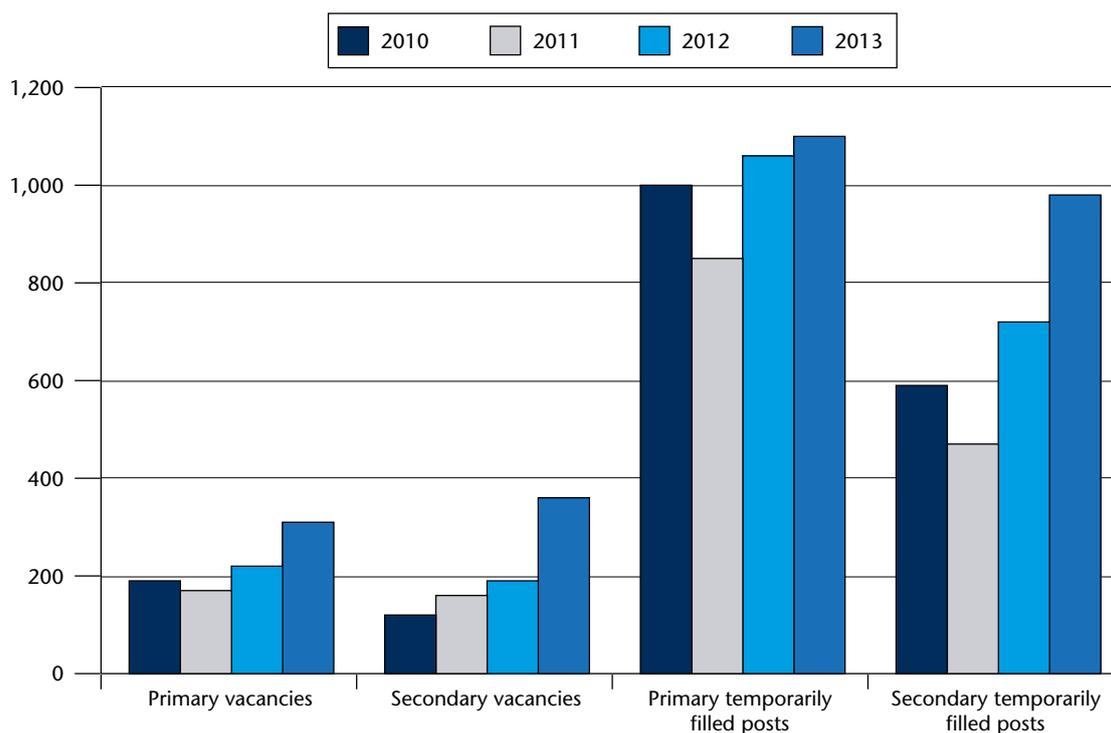
Teacher Vacancies

3.44 The headline vacancy rate³⁷ for England in November 2013 was 0.2%; this followed three consecutive years where the rate was 0.1%. The 2013 headline rate equated to 750 full-time vacancies (up from 440 in 2012), although a further 2,330 full-time posts were being temporarily filled by a teacher or leader on a contract of at least one term but less than one year (the corresponding number in 2012 was 1,950). Chart 17 below shows the absolute number of officially recorded vacancies over the past four years. Although low in percentage terms, the number of official vacancies has increased over the past three years.

³⁶Welsh Government (2013) *SB30/2013 Initial Teacher Training in Wales, 2011/12* and OME analysis of Stats Wales data.

³⁷Advertised 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 term.

Chart 17
Full-time teacher vacancies and temporarily filled posts, England 2010-2013³⁸



3.45 Using the broader definition of vacancies and temporarily filled posts, we note that in secondary schools in England, the subjects with the highest vacancy rate in November 2013 were English, mathematics, sciences and IT (for all of which the number of vacant and temporarily filled posts had increased by some 50% or more since 2012³⁹). The November 2014 data has not yet been published.

3.46 As always, we are conscious that aggregate vacancy rates should be treated with some caution as they can mask a number of issues, including:

- localised variation in vacancies;
- the number of vacancies across the academic year, rather than an autumn snapshot;
- the ability to capture whether a school has recruited the required quality or experience of teacher; and
- the availability of sufficient suitably qualified specialist subject teachers.

3.47 In this context, we continue to be concerned that the proportion of hours taught by teachers who do not hold a relevant post A-level qualification varies considerably and can be high; examples from November 2013 are English (15%), maths (17%), chemistry (20%), physics (26%), modern languages (over 20%)⁴⁰. Chart 18 below provides data across a wider range of subjects for the four years to November 2013 and suggests that for most subjects the proportion of hours being taught by teachers without a relevant post A-Level qualification has increased since 2010, although we note there has been some levelling off in 2014, and in some subjects a slight improvement.

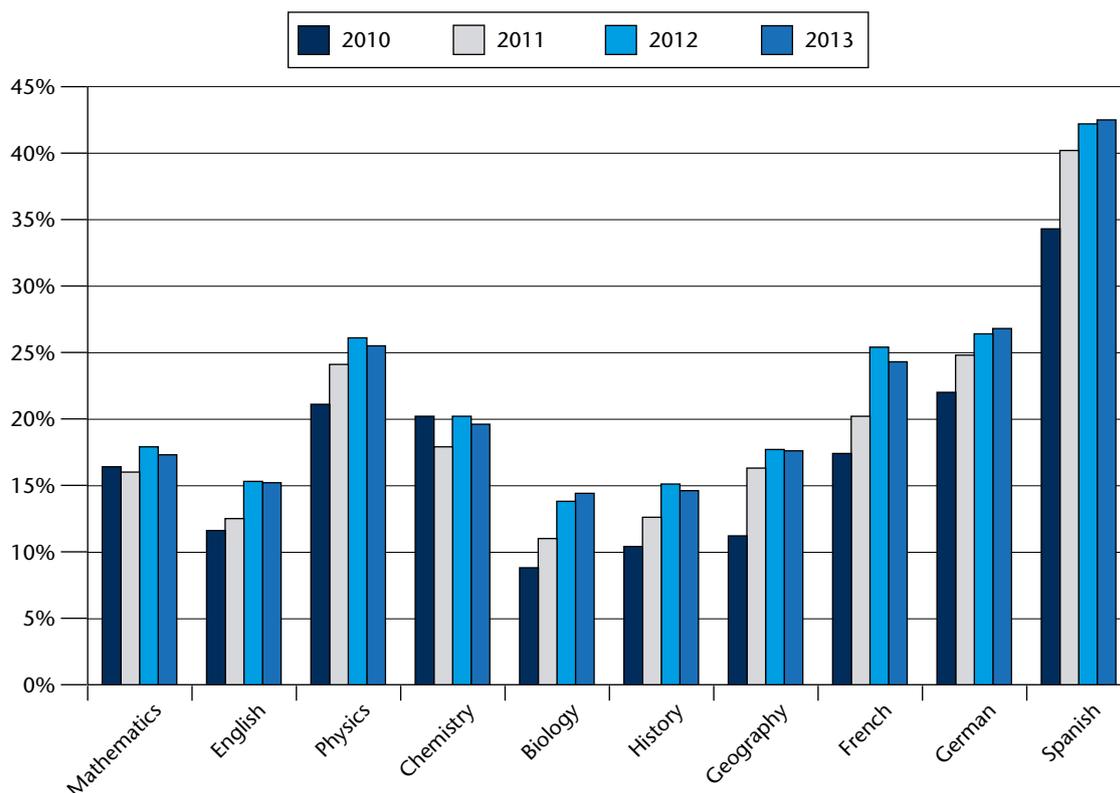
³⁸ OME analysis of DfE Workforce Statistics.

³⁹ DfE (2013) *School Workforce in England, November 2012*.

⁴⁰ DfE (2014) *School Workforce in England, November 2013*.

Chart 18

Percentage of hours taught in a typical week to pupils in years 7 to 13 by teachers without relevant post A-level qualification, England 2010-2013



3.48 The headline vacancy rate in Wales (using a different methodology) has been stable over recent years and was 0.3% in 2013 (very slightly lower than 2012)⁴¹. The statistics for advertised vacancies in Wales show that between 1 January and 31 December 2013, 728 teacher vacancies were advertised for primary schools with an average of 18 applications received per vacancy for every post advertised (25 in 2012); 1,021 teacher vacancies were advertised for secondary schools with an average of 8 applications received per vacancy (12 in 2012)⁴².

Teacher wastage and retention

3.49 Teacher wastage (qualified teachers leaving the profession)⁴³ has been broadly stable at between 8% and 10% between 2005 and 2013 (see chart 19 below). Newly released wastage data, covering the period from November 2011, is based on the School Workforce Census⁴⁴. Preceding years were based on a different source and measured wastage at a different point in the year. DfE has assessed the change in timing (from March to November) to account for most of the difference (0.5 percentage point) in the two sets of figures for 2011 – with the remainder (0.2 percentage point) attributed to improved coverage of part-time teachers in the new source. Key points from the newly released data are:

⁴¹ Welsh Government (2013) *Teachers in Service, Vacancies and Sickness Absence, January 2013*. This methodology, used prior to 2010 in England, tends to provide higher estimates of vacancies than that now used in England.

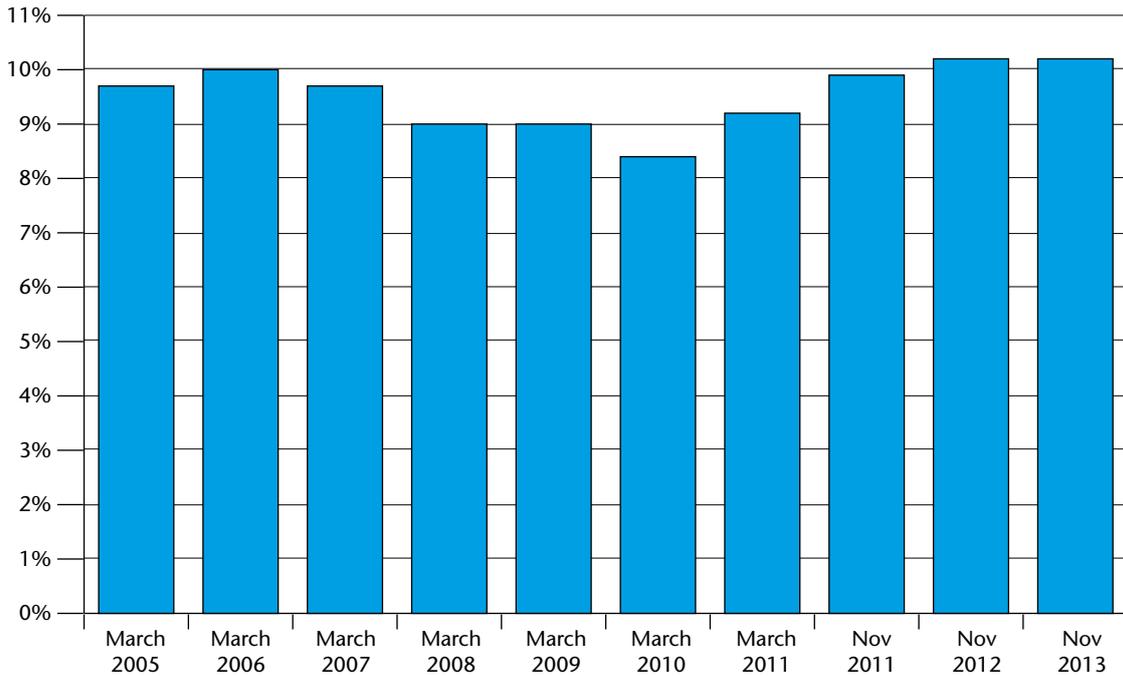
⁴² Welsh Government (2014) *Written submission to STRB*.

⁴³ Includes teachers retiring, teachers on career breaks, teachers who have been barred from teaching and teachers leaving to work in sectors outside the state-funded school system in England.

⁴⁴ DfE (2013) *School Workforce in England, November 2013*.

- Headline wastage measured 9.9%, 10.2% and 10.2% in 2011, 2012 and 2013.
- Within the headline figures:
 - secondary wastage is marginally higher than primary;
 - wastage among men is marginally higher than among women;
 - wastage is higher for part-time teachers than for full-time.

Chart 19
Teacher wastage, England (% of qualified teachers leaving the profession),
2005 – 2013



3.50 In our last report we noted trends in the retention rates of teachers qualified up to 2009, in particular a retention rate of just over 90% after one year's service and a gradual fall in retention as years of service grew. Table 20 below provides three additional years of data and shows a broadly similar picture, although we note the slight decline in the most recent retention rates for those with three and four years' service.

Table 20
Retention rates for newly qualified teachers, England⁴⁵

Year qualified	Recorded in service by	Number of newly qualified entrants entering service	Percentage of teachers in regular service in the state-funded schools sector in England after:																
			1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	11 years	12 years	13 years	14 years	15 years	16 years	17 years
1996	March 1997	18,200	92%	85%	80%	75%	73%	70%	69%	66%	64%	63%	62%	61%	60%	59%	58%	57%	55%
1997	March 1998	19,000	91%	84%	79%	76%	73%	71%	69%	66%	65%	64%	63%	62%	61%	59%	58%	57%	
1998	March 1999	17,900	91%	84%	79%	76%	74%	71%	69%	68%	67%	65%	64%	63%	62%	61%	59%		
1999	March 2000	18,600	91%	84%	79%	76%	73%	72%	70%	69%	67%	66%	65%	63%	62%	60%			
2000	March 2001	17,600	91%	85%	80%	77%	74%	72%	71%	69%	68%	66%	65%	64%	62%				
2001	March 2002	19,000	91%	85%	80%	76%	75%	73%	71%	70%	69%	66%	65%	63%					
2002	March 2003	21,500	91%	85%	80%	78%	76%	74%	72%	71%	68%	67%	65%						
2003	March 2004	23,800	91%	85%	81%	78%	76%	75%	73%	70%	68%	66%							
2004	March 2005	25,900	91%	85%	81%	79%	77%	75%	71%	69%	67%								
2005	March 2006	26,500	91%	85%	82%	80%	77%	73%	71%	69%									
2006	March 2007	25,300	91%	85%	83%	80%	76%	74%	71%										
2007	March 2008	25,600	91%	87%	83%	79%	76%	73%											
2008	March 2009	25,400	91%	86%	83%	80%	76%												
2009	March 2010	23,500	90%	86%	82%	78%													
2010	November 2010	24,300	90%	85%	80%														
2011	November 2011	22,900	91%	85%															
2012	November 2012	23,900	91%																

School Budgets

3.51 We have set out below our understanding of the financial position facing schools. This covers changes to core school funding and additional funding from the Pupil Premium, as well as other key changes impacting on school budgets.

Overview

3.52 Throughout the spending review period (from 2011–12 to 2015–16), the overall schools' budget in England has been protected in cash terms and will stay at the same level on a per pupil basis. In 2014/15 the Dedicated Schools Grant (DSG) allocations, before recoupment of funding for academies, totalled £38.735 billion⁴⁶. Since submitting its written evidence to us, the DfE confirmed that, as a step towards fairer funding, it had allocated an additional £390 million (on top of flat cash per pupil increases to the DSG) to the least fairly funded local authorities in 2015–16. Over 60 local authorities will receive enhanced core funding with the vast majority increasing by up to 4%⁴⁷.

3.53 Individual school budgets vary significantly on a per-pupil basis as they reflect both the distribution of funding across the country as well as historic and current decisions by local authorities when allocating funding between schools in the same area. Schools in England are protected from significant cash-terms reductions by a Minimum Funding Guarantee which ensures that most schools will not experience a reduction to their per-pupil budgets of more than 1.5% per pupil (excluding sixth form funding) compared to the previous year. Successive governments have acknowledged that the current system for funding schools is unfair and out of date and that there needs to be a fairer, more transparent funding system.

⁴⁵ DfE (2015) School Workforce in England, November 2013 (Additional tables). Full and part-time teachers by year of gaining qualified teacher status, who were in service the following year and the percentage recorded in service in state-funded schools in England in each year later. Data from 2010 are from the School Workforce Census; previous years are based on the Database of Teacher Records.

⁴⁶ Drawn from DfE evidence to STRB October 2014.

⁴⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332652/Fairer_schools_funding_arrangements_for_2015_to_2016.pdf

3.54 Responsibility for school funding in Wales sits with the Welsh Government. The education budget in 2014–15 is approximately £2.63 billion. Gross schools' expenditure per pupil is budgeted to be £5,607, a year-on-year increase of 0.2% or £13. Of this, £4,647 per pupil is delegated to schools and £960 per pupil is retained for centrally-funded school services. Since 2011–12, the Welsh Government has committed to increasing spending on schools' services at 1% better than the uplift to the overall Welsh budget.

Pupil Premium (England) and Pupil Deprivation Grant (Wales)

3.55 The Government introduced the Pupil Premium for English schools in 2011 to provide additional school funding to help schools raise the relative attainment of children who are disadvantaged. It is paid in respect of children classed as having a deprived background, and also those who have been looked after (by a local authority) for more than six months. The Pupil Premium rate for children eligible for free school meals has increased over time – from £430 per pupil in 2011/12 to £1,300 per primary pupil or £935 per secondary pupil in 2014–15⁴⁸.

3.56 The tables below show the overall Pupil Premium budget up to 2014–15 and the change in per-pupil funding levels from 2014–15. The 2013 Spending Round announced that the total Pupil Premium budget will be protected in real terms in 2015–16.

Pupil premium budgets and allocations, £ million⁴⁹

2011-12	625
2012-13	1,250
2013-14	1,750
2014-15	2,500
2015-16	"Protected in real terms"

Pupil Premium Funding, 2013/14 – 2014/15 (£ per pupil)

	Primary	Secondary
2013-14	953	900
2014-15	1,300	935
% change	36%	4%

3.57 As a result, the share of schools' total budgets that can be attributed to pupil premium funding is more significant in primary schools. Based on an analysis of provisional allocations for 2014/15 and schools' main grant funding, pupil premium funding provides an estimated additional 6.5% funding (median) for maintained primaries and 4.6% (median) for secondaries⁵⁰, with considerable variation around these figures⁵¹. Our analysis shows that for primary schools, the median additional funding for 2014/15 alone was around 1.7% of core DSG funding.

3.58 Schools in Wales receive additional funding through the Pupil Deprivation Grant⁵² (PDG) – akin to the Pupil Premium in England – which is aimed at improving outcomes for learners eligible for free school meals (e-FSM) or looked after children (LAC). In 2014/15 the per-pupil allocation of the PDG will rise from £450 to £918. This rise is for one year only and will return to £450 in 2015/16. The median PDG value in 2014/15

⁴⁸ Higher rates apply for looked after and adopted children. A separate service child premium of £300 is paid for children of services personnel.

⁴⁹ House of Commons Library (2014) *School Funding: Pupil Premium*. Figures cover premia for deprived, looked after and services children.

⁵⁰ Measured as pupil premium funding as a percentage of core DSG funding.

⁵¹ School DSG funding data relate to 2012/13 so should be seen as indicative. Analysis is based on schools for which both DSG funding data and Pupil Premium allocations available – some 15,000 primary and 1,600 secondary schools.

⁵² Welsh Government (2013) *Pupil Deprivation Grant – Short guidance for practitioners*.

equates to 4% of the (national average) per-pupil core grant funding received by schools in Wales (but will revert to around 2% in 2015–16). There is considerable variation around the median, depending on the concentration of eligible pupils in individual schools⁵³.

School budget balances

- 3.59 In England, 93% of maintained schools carried a surplus revenue balance in 2013–14, equating to an average revenue balance of just under £117,000 and a total balance across all maintained schools of £2.2 billion (some 7% to 8% of the total revenue income across all local authority maintained schools)⁵⁴. In Wales, some 86% of schools held reserves at 31 March 2014. The overall level of reserves held by schools in Wales was £60 million, the lowest level since at least 2001 and a decrease of 13.9% on the previous year. The level of reserves as a percentage of delegated schools expenditure was 2.8%⁵⁵.
- 3.60 Schools carry balances for different reasons. They do not have to spend the revenue funding they receive from government in the year in which it is allocated. Some build up surpluses for future demands on revenue funding such as pupil growth (for which they may not receive funding until the following year), falling pupil numbers (which may change economies of scale), higher costs e.g. from pay and non-pay inflation while government funding remains flat. Others may build up surpluses for capital projects⁵⁶.

Other changes impacting on schools' financial position⁵⁷

- 3.61 School budgets in England and Wales will face a range of additional pressures in coming years. These include changes in the arrangements for employer pension contributions, national insurance payments and reductions to the funding of schools in England with sixth forms.
- 3.62 Increased employer pension contributions will typically raise school costs by 1% in the financial year 2015–16 and 2.3% thereafter. Employer contributions for non-teaching staff (a much smaller proportion of staff than teachers) to local government pension schemes will also rise – at different rates depending on the local scheme. The Government will not provide specific additional funding to schools to deal with the impact of these changes.
- 3.63 An increase in employer national insurance contributions equating to approximately 2% of paybill will also impact on schools from April 2016.
- 3.64 English schools with sixth forms will see reductions to funding for 16 to 19 year olds of an average 3% in 2015/16. This component of schools' funding is not protected by the Minimum Funding Guarantee.
- 3.65 Academies will be further affected by a cut in the Education Services Grant (ESG), which is targeted particularly at academies with historically high levels of ESG – for the vast majority of academies the cut is capped at 1.5% of their total funding.

Budgetary summary

- 3.66 The budgetary position for schools is complex as there will be significant differences in the way changes to the funding streams affect individual schools. The impact will vary according to:

⁵³ OME analysis of PDG and School Budget data.

⁵⁴ DfE (2014) *Expenditure by local authorities and schools on education, children and young people's services: 2013-14*. Average surpluses in maintained secondary schools were around four times those in maintained primary schools.

⁵⁵ Welsh Government (2014) *Reserves Held by Schools in Wales at 31 March 2014*.

⁵⁶ DfE briefing to STRB secretariat November 2014.

⁵⁷ OME research and DfE briefing of STRB secretariat November 2014.

- the proportion of pupils eligible for pupil premium (or pupil deprivation grant) funding, with primary schools in England benefiting from a significant increase in per capita amounts;
- whether schools have increasing or falling rolls, although the latter will be protected by the maximum 1.5% reduction;
- the extent to which schools rely on sixth-form funding which is reducing in England; and
- whether schools fall in the 60 local authorities in England receiving enhanced DSG funding in 2015/16.

3.67 In addition, all schools face pressures on staffing costs, relating to increases in employer contributions to pensions and national insurance. Cumulatively, these equate to an increased cost of over 4% by April 2016 when the latter is introduced.

Concluding comments

3.68 Last year, our analysis highlighted a number of emerging areas of risk in the labour market for teachers, despite the relatively benign economic climate for recruitment and retention. These included the competitive position of the starting and profession-wide pay of teachers, worrying signs on ITT recruitment and the fact that pupil projections indicated an impending increased demand. We said that these risks would be heightened as the economy strengthened and both graduates and existing teachers saw wider employment opportunities.

3.69 Our evidence now points clearly to a stronger external labour market and improved graduate prospects. On earnings, we have seen evidence that:

- teachers' starting pay remains lower than that available in a wide range of graduate employment sectors;
- graduate employers increased starting salaries in 2014, and there is evidence to suggest many will do so again in 2015; and
- median earnings across the teaching profession continue to trail those of other professional occupations in most regions.

3.70 Our analysis of the latest available teacher recruitment and retention data suggests a deteriorating position. We have observed:

- a further fall in levels of recruitment to initial teacher training, affecting both primary and secondary sectors, with targets not met overall and in several subjects;
- increases in the official vacancy numbers, including in a number of key secondary subject areas;
- an increase in recent years in the proportion of hours taught by teachers with no relevant post A-level qualification; and
- some indication of a reduction in retention after three and four years' service.

These worrying trends come at a time when pupil projections continue to imply an increase in the demand for teachers, initially in the primary sector.

3.71 We lack comprehensive evidence at school level on the difficulty of filling vacancies with teachers of the appropriate calibre and experience. We have, however, noted the wider evidence from consultees, whose surveys have indicated significant difficulties in recruiting the number and quality of teachers that schools require, spread across a number of regions. This accords with discussions we have held with teachers and leaders on our visits to schools.

3.72 In the next chapter we consider the implications of these findings, alongside further reflection on the evidence from our consultees, and set out our recommendations on this remit.

CHAPTER 4

Teachers' pay: our conclusions and recommendations

Context

- 4.1 We set out in Chapter 1 the background to our review of teachers' pay. We noted the significant recent reforms to the whole pay structure for teachers and school leaders, with a greater emphasis on differentiated progression based on performance, including faster progression for the most able teachers. The reforms support schools' autonomy by enabling them to develop pay policies based on local needs and make individual pay decisions accordingly.
- 4.2 Our last report was the first in which we made recommendations on an uplift to the national pay framework following these reforms. We proposed a 1% increase on the minimum and the maximum of all pay ranges and allowances within the national framework. Individual schools had freedom to decide how the changes to the national pay framework should be reflected in their individual school pay policies. We made clear that in future any individual pay award should take account of performance, including for those on the maxima of pay ranges. The first decisions on differentiated progression for those on the main pay range were taken in autumn 2014.
- 4.3 The context for our work on this remit remains one of fiscal constraint and public sector pay restraint. Our analysis of schools' financial positions and the teacher labour market has again highlighted the challenging climate for schools. Budgets are under increasing pressure, pupil numbers are growing and there is a more competitive graduate labour market. This underlines the need for schools to respond to competitive pressures, for example, by setting appropriate criteria on higher starting salaries and on recruitment and retention payments.
- 4.4 We recognise that schools are at the start of significant process and cultural change as they adapt to the move from a pay system with nationally-determined pay scales and incremental progression, to one where decisions on performance-based progression are taken at school level, and where starting pay can reflect local conditions.

Pay review for 2015

- 4.5 In this remit the Secretary of State asked us to make recommendations on adjustments to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders, *'to reflect the average of up to 1% pay award for public sector workers'*. We examined this against the background of the flexibilities we have described above and set out more fully in Chapter 1.
- 4.6 We were mindful of the wider economic prospects. As we noted in Chapter 3, there have been eight consecutive quarters of continued growth (to the fourth quarter of 2014) and there is clear evidence of a pick-up in the labour market for graduates. The volume and quality of opportunities elsewhere will impact on the level of interest in teaching as a career.
- 4.7 On school finances, there is significant variability in individual schools' budget positions. While some, especially within the primary sector in England, have seen considerable increases in Pupil Premium funding, most schools have experienced flat per-pupil core funding and all face increasing employer costs relating to pensions and National Insurance changes, in September 2015 and April 2016 respectively. Overall, it is clear that the budgetary position for most schools is increasingly challenging. We heard that even

those which have benefited most from funding changes are likely to be making cautious assumptions about the future. We note that the Government has made clear that there would be no additional money for schools to fund any pay award.

- 4.8 We heard last year from consultees of some recruitment difficulties. In this remit we have received clear evidence that the recruitment position is now more challenging for schools overall, with particular difficulties in certain subject areas, e.g. STEM¹, English and modern languages, and in certain localities, such as coastal towns with high levels of deprivation. We heard from some consultees that primary schools were also facing problems with recruitment. This picture was supported by anecdotal evidence from our visits to schools and local authorities, where similar concerns were raised. We also heard of difficulties in recruiting to headship posts, particularly in small and rural schools.
- 4.9 Our own analysis of the available recruitment and retention data also suggests that the position has deteriorated. We have observed a further fall in levels of recruitment to initial teacher training (in absolute terms and against target); this affects both primary and secondary sectors with a number of subjects, in particular, STEM subjects and modern languages, well below target. We share the anxiety of the teacher unions about the significant shortfall in places filled on School Direct.
- 4.10 We note that Her Majesty's Chief Inspector of Schools said in his recent annual report² that, whilst it was encouraging that the quality of recruits had risen, he was increasingly concerned at the declining numbers joining the profession and their uneven distribution. We share these concerns and note that the absence of regional or sub-regional mechanisms for identifying demand, and potential mismatches with supply, may make it difficult to respond rapidly and effectively to any further deterioration in recruitment.
- 4.11 We also note that whilst the School Direct model may be effective in meeting the needs of teaching schools themselves, those schools who are struggling and/or at some geographical distance from a teaching school partnership may find it hard to recruit high quality Newly Qualified Teachers (NQTs). In the absence of a stronger evidence base on local level recruitment, we drew on evidence from head teacher surveys and our recent visits to schools. These suggested more general difficulties in recruiting good teachers. Some were related to location, for example, in schools close to pay band boundaries where housing costs were high and teachers had a choice of teaching in schools in a higher pay band or a lower housing cost area. Others concerned difficulties recruiting the appropriate level of experience needed by a school, including to provide support to NQTs.
- 4.12 Looking at the wider picture on retention, our analysis shows increases in the official vacancy numbers and deterioration in recent years in the proportion of hours taught by non-specialist subject teachers. We noted that teacher wastage remains at between 8% and 10%, but with a slight decline in retention rates after three to four years' service. We observe these trends at a time when increasing pupil numbers mean that, if schools are to retain their existing pupil to teacher ratios, the demand for teachers will increase further, particularly in the primary sector.
- 4.13 Our analysis of earnings data has shown that there continues to be a gap between teachers' minimum starting pay and the median starting pay of graduates entering other professional occupations. Our evidence also suggests salary progression is more rapid for graduates in other professions in the first three to five years and beyond, widening the gap further. Our analysis of earnings across the teaching profession more widely shows teachers' pay trailing that of other professional occupations in most regions of the country. Against this competitive background, we have been mindful that in making career choices, graduates attach importance to both starting salary and salary after three to five years.

¹ Science, Technology, Engineering, Mathematics.

² *The report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2013/14*, December 2014 (HC 841).

- 4.14 The reforms to the pay framework recommended in our recent reports aimed to provide individual schools with greater flexibility on starting pay and pay progression, to help schools address the particular local challenges they face. This remit has taken place too early for us to receive robust evidence of schools using the greater flexibility on pay to address recruitment and retention problems, but we are concerned by some anecdotal evidence suggesting affordability is constraining progression expectations. We made very clear in previous reports that progression is an important tool for schools in retaining the most able teachers, noting that subject to good performance, a teacher should expect to progress to the maximum of the main pay range within five years and the best teachers should progress more quickly.
- 4.15 Consultees said there was a strong case for an above-inflation pay award, presenting evidence on the cumulative impact of inflation on the real value of teachers' pay. Changes in the cost of living (as measured by inflation) are only one of a number of considerations employers typically take into account when determining pay levels, along with affordability and competitiveness. Our primary consideration is the maintenance of a broadly competitive pay framework that enables the profession to attract high calibre graduates and retain experienced, able teachers.

Our conclusions and recommendations

- 4.16 There is a substantial body of evidence that recruitment of good teachers is becoming harder. We have noted the fall in recruitment to initial teacher training both against the Department's own targets and in absolute terms; the evidence from surveys of school leaders and from our own first-hand experience of talking to teachers, school leaders and local authorities. We are also aware that improvements in the economy are increasing the competition for the best graduates, and driving higher starting salaries. The most recent evidence shows emerging pressures on retention after three years.
- 4.17 As competition for graduates intensifies, and increasing pupil numbers drive demand for teachers, past experience shows that teacher recruitment and retention can deteriorate very quickly. When it does, it can have a markedly adverse impact on particular schools and localities, presenting serious challenges for their leaders in maintaining quality of teaching and pupil achievement.
- 4.18 We have already commented that schools need to use existing pay flexibilities to support recruitment and retention of classroom teachers, but those flexibilities alone are insufficient in the present circumstances. We conclude there is a need for an increase to the national pay framework to support the competitiveness of the profession, given that teachers' salaries trail those of other graduates. We recognise that affordability constraints implied by the Government's position on funding any pay award, together with other pressures on individual schools managing tight budgets, make it imperative to focus any uplift to the pay framework where it can be most effective in attracting and retaining good teachers. We therefore examined a range of options for doing this.

Classroom teachers

- 4.19 We considered first the impact of an increase higher than 1% to the minima of the main pay range. We recognised that a modestly higher increase would support recruitment but it would also require all schools to meet the higher cost, regardless of need. We noted that schools already have flexibility on starting pay to aid recruitment where there are local needs. At the same time, to leave the minima of this pay range unchanged when starting salaries for other professions are rising would send a poor signal to graduates considering teaching as a career. Accordingly, **we recommend an increase of 1% to the minima of the main pay range.**

- 4.20 We next examined the option to award a higher increase to the maxima of the main pay range. There was evidence that graduates elsewhere receive higher salaries after the first three to five years, and that salary prospects at these times are a key consideration in making career choices. We were mindful of evidence from surveys of school leaders³ and from our visits that schools were struggling to attract and retain good, experienced classroom teachers, who play a central role in improving school outcomes. Increasing the maxima of the main pay range by a higher figure would make teaching a more attractive proposition for graduates and support retention of experienced teachers. We were also conscious that an increase of more than 1% on the maxima of the pay range would offer better scope for performance-related progression for those already at this level, reinforcing the importance of taking account of performance in making any individual pay award, as signalled in our last report.
- 4.21 We considered that an uplift of 2% to the maxima of the main pay range would:
- go some way to supporting competitiveness with other graduate professions, including by strengthening the 'offer' to those considering a career in teaching;
 - provide better scope for differentiating performance-related progression for those teachers already on the maxima of the pay range; and
 - send an important signal about the value of experienced classroom teachers who contribute substantially to improved outcomes, including through supporting and mentoring NQTs.
- 4.22 We noted that in 2013/14 some 14% of classroom teachers were paid at the maxima of the main pay range. As a consequence of differentiating awards based on performance, we would not expect all teachers on the maxima to receive a 2% increase: some might receive a lower increase, or none. **We therefore recommend an uplift of 2% to the maxima of the main pay range** to signal improved scope for progression for good graduates over three to five years. It will also provide meaningful opportunity for a performance-related pay uplift for some of those already on the maxima, reinforcing expectations we set out in our last report. We believe this represents a well-targeted and affordable approach to burgeoning recruitment and retention challenges for schools.
- 4.23 We also considered the option to award a higher increase to the maxima of other pay ranges (upper pay range and leading practitioner pay ranges). A higher uplift would offer more scope for differentiation of performance-related pay at these points in the framework. However, we consider the priority at present to be the need to attract and retain graduates in the early stages of their career, and we have seen no evidence to suggest that graduates look to outcomes after eight to ten years when choosing a profession. We judge that, on balance, higher increases to the maxima of these pay ranges should be less of a priority for this remit. We also recognise that a higher uplift to both the main and upper pay ranges this year risks being unaffordable for many schools. Consequently, **we recommend an uplift of 1% to the minima and maxima of the upper pay range and the leading practitioner pay range.**
- 4.24 We also considered the position of unqualified teachers. We noted these are often teachers undergoing training, who are paid on the unqualified teacher pay range for a transitional period prior to achieving NQT status. We consider existing flexibilities are sufficient to enable schools to deal with local recruitment issues for teachers on this pay range. **We therefore recommend increasing the minima and the maxima of the unqualified teacher pay range by 1%.**

³ ASCL cited evidence from its Information Conferences in paragraph 13 of its submission and provided further detail in oral evidence. Also NAHT teacher recruitment survey, September 2014.

- 4.25 We noted that the main allowances for classroom teachers (TLRs and SEN allowances) in some cases form a substantial part of a teacher's salary. We heard some evidence that it was becoming increasingly difficult to recruit to head of department posts, particularly in core subjects. We consider the pay framework should support those teachers taking on management responsibilities and conclude there is a case for treating these allowances consistently. **We recommend an uplift of 1% to the minima and maxima of all the TLR payment and SEN allowance ranges.**

Leadership group

- 4.26 We considered options for a pay uplift for the leadership pay ranges. We recognise the need to continue to encourage good teachers to move into leadership roles, bearing in mind the evidence we received on recruitment to leadership, and in particular, head teacher posts. Accordingly **we recommend uplifting the minima of the leadership group pay range**, where assistant or deputy head teachers may be placed on appointment, **as well as the minima of all eight head teacher group pay ranges, by 1%.**
- 4.27 We then considered the impact of an uplift to the maxima of the eight head teacher group pay ranges. Governing bodies already have considerable flexibility in setting salaries above the relevant maximum if the challenges of the post or particular skills or experience of the head teacher merit it⁴. We are aware of the challenges faced by many head teachers, in particular, those related to workload and accountability but heard no evidence to suggest that a general uplift to pay levels was the solution. We comment below on general concerns about workload. **We recommend that there should be no uplift to the maxima of the leadership group pay range nor to the maxima of the eight head teacher group pay ranges.**
- 4.28 As last year, schools and governing bodies should determine locally, in accordance with their pay policies, how to take account of the uplift to the national pay framework in making individual pay awards; adjusting individual pay ranges (i.e. for leading practitioners and school leaders); and in any review of allowances in payment. All teachers must be paid within the bounds of the national pay framework.

Impact of our recommendations

- 4.29 We considered what the impact of our recommendations might be in terms of overall costs and affordability for individual schools. As a result of recent reforms, schools now set their own pay policies, have flexibility to determine starting salaries and decide annual pay awards for individual teachers on the basis of performance, constrained only by the maxima and minima of the nationally set pay ranges. They do so in the context of managing their overall budgets. Our recommendations on pay range minima and maxima should not – and are not intended to – translate into uniform pay increases within every school. Their purpose is to support the competitiveness of the national framework, guide expectations, and signal to schools how they can respond to local recruitment and retention pressures.
- 4.30 In the decentralised pay system that now exists, we believe schools can manage our recommendations within current budgets, although the precise effect will naturally be different in different schools. The cost implications for individual schools will vary according to their particular workforce profiles, the proportions of teachers eligible for progression increases and the school policies in making such awards and managing pay budgets effectively.

⁴ Governing bodies have discretion to set salaries up to 25% higher than the maximum of the relevant head teacher group, or more in the most exceptional cases. In such circumstances the governing body must seek external, independent advice and make a business case, agreed by the whole governing body.

Reference points

- 4.31 Most consultees sought continued publication by the Department of discretionary reference points on the main pay range, or, in some cases, their reinstatement in the School Teachers' Pay and Conditions Document (STPCD). The Secretary of State made clear her view that publication of reference points for another year would be a retrograde step. We said in our last report that we believe retaining reference points in Departmental advice is inconsistent with the principle of school autonomy and differentiated performance-related pay. Schools have now been through a complete cycle of taking individual decisions on performance-related pay progression and should have in place pay policies tailored to the needs of the school. We therefore **confirm our original intention that the discretionary national reference points should not be published in Departmental advice** from September 2015. Schools may decide to set their own pay points within a pay range in their local policies, if they judge it appropriate to their needs.
- 4.32 In summary, we recommend:
- A 1% uplift should be applied to the minima of all the pay ranges and allowances in the national pay framework (unqualified teachers' pay range, main pay range, upper pay range, leading practitioner pay range and the leadership pay range, including the minima of the eight head teacher group ranges), the three levels of Teaching and Learning Responsibility (TLR) payments and the Special Educational Needs (SEN) allowance.
 - A 2% uplift should be applied to the maxima of the main pay range.
 - There should be no increase to the maxima of the leadership group pay range nor to the maxima of the eight head teacher group pay ranges.
 - An uplift of 1% should be applied to the maxima of all other pay ranges and allowances in the national pay framework (unqualified teachers' pay range, upper pay range, leading practitioner pay range, the three levels of Teaching and Learning Responsibility (TLR) payments and the Special Educational Needs (SEN) allowance).

Our observations

Recruitment, retention and workload

- 4.33 In making our recommendations on pay, we have noted consultees' strong emphasis on workload issues as a key cause of dissatisfaction and the potential for such issues to deter prospective recruits from joining the profession. A recent survey of members carried out by ATL found that nearly three-quarters of newly qualified teachers had considered leaving teaching because their workload was too high⁵. NASUWT and NUT both reported similar findings from their own surveys of members. The head teacher unions stressed both workload and accountability (principally that deriving from the Ofsted inspection regime) as deterrents to those considering taking on headship roles. Consultees' comments chimed with evidence from our conversations with teachers and head teachers during our visits to schools. However, we observe that pay alone is not the answer to these issues. A strategic approach to both pay and workload is needed.
- 4.34 The Secretary of State told us that in response to these concerns, she had launched the *Workload Challenge*, a survey of teacher's views on workload, which had generated a huge response⁶. We note that the Department and Ofsted have now set out a number

⁵ ATL Press release 23 January 2015 <http://www.atl.org.uk/media-office/media-archive/New-teachers-already-demotivated-about-teaching-at-the-start-of-their-careers.asp>

⁶ more than 44,000 separate returns

of commitments to help tackle this issue. Given that workload is a primary concern on retention at all stages, we look forward to receiving evidence in future reports on the impact of the Department's commitments.

4.35 As highlighted earlier in this chapter, we have concerns about the lack of a robust evidence base on recruitment and retention at the local level. We urge the Department to consider what better mechanisms might be put in place at the local level to:

- collect evidence about how effectively the supply of NQTs is being matched to need, and to take action where necessary; and
- collect timely evidence about wider recruitment pressures in relation to teachers and school leaders, to highlight emerging problems and enable action where it is required.

Guidance on operation of the pay framework

4.36 Recent reforms provided greater flexibility for schools to differentiate between teachers, but were not intended to limit progression for good teachers. As we have noted earlier, subject to good performance, teachers should expect to progress to the maximum of the main pay range within five years, and the best teachers should expect to do so more quickly. We have received evidence which suggests that some schools might be holding back progression on grounds of affordability, rather than performance⁷. We urge those schools to consider carefully the risks to teacher retention associated with such a policy.

4.37 We welcomed the high quality advice produced by the Department last year in consultation with statutory consultees on the new national pay framework. However, the evidence we have received suggests that some schools are still developing their capability and confidence in managing pay. We consider there remains a need for explicit guidance and case study examples, on designing school pay policies that can accommodate the flexibility to:

- appoint above the minimum of the pay range, and successfully manage the impact on pay differentials;
- use recruitment and retention payments e.g. when appointing teachers of STEM subjects and those with wider experience; and
- provide faster progression for the most able teachers, whilst reinforcing expectations that, subject to good performance, teachers should expect to progress to the top of the main pay range within five years.

4.38 We also note that following our recommendations last year, the Department is developing benchmarking data for schools on school leaders' pay to help support governors in establishing appropriate reward for head teachers according to the circumstances of individual schools. We look forward to seeing this and hope governing bodies will find it useful.

Looking ahead

4.39 We have commented previously on the need for improved labour market data to allow us to consider trends in teacher supply and demand. In conducting this review, we have drawn on data available from the School Workforce Census which provides detailed earnings data for teachers in England. We welcome the improved timeliness of published wastage and retention data derived from the same source and the Department's efforts to provide better data in other areas – including the benchmarking tool on school leaders' pay and greater clarity on numbers recruited to ITT across the range of routes.

⁷ *Pay Progression in 2014: NUT Survey Report*, December 2014.

However, it would be helpful to receive more systematic qualitative data on teacher recruitment challenges, including the geographical spread, than we have had to date. We would welcome an overview from the Department.

- 4.40 We suggested in our 24th report that we be asked to undertake a fuller review of the national pay framework for teachers in a future remit. The detailed evidence from the major evaluation of the recent reforms, commissioned by the Department, will form an important evidence base for such a remit. The likelihood of continuing pressure on public finances and increased demand for graduates in the coming year, alongside increased demand for teachers due to rising pupil numbers, all present challenges for the future. We reiterate our belief that a fuller review of the pay framework should be considered as soon as possible.

APPENDIX A

Remit and directions from the Secretary of State



Rt Hon Nicky Morgan 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

10 September 2014

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 both its 23rd and 24th reports. From 1 September this year schools across England and Wales will be implementing their new pay policies based on the recommendations of those reports.

You will be aware that the Government's policy for public sector pay in 2015-16, as set out in the Chancellor's Spending Review statement of June 2013, is for awards to average up to 1%.

I understand that the Chief Secretary to the Treasury wrote to you and all other Pay Review Body Chairs on 29 July 2014 to set out the Government's approach to public sector pay.

I should now like to ask for your recommendations on how to apply the pay award in 2015-16. In accordance with the Chief Secretary's letter, you will want to consider how the pay award should be applied and, in doing so, may wish to consider his comments on recruitment and retention issues; affordability; and the continued need for pay restraint. I intend to submit for your consideration written evidence that there remains a strong case for continued pay restraint in the public sector. 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 of affordability at national and school level.

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, as set out in the Chancellor's Spending Review statement of June 2013 that public sector pay awards in 2015-16 average up to 1%;
- b) The need to ensure that any proposals are affordable at both a national level and within the existing budgets of individual schools;
- c) The need to ensure that any proposals are not difficult or onerous for schools to implement;
- d) 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;
- e) Evidence of the wider state of the labour market in England and Wales;
- f) Forecast changes in the pupil population and consequent changes in the level of demand for teachers;
- g) 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 matter for recommendation:

- What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to reflect the average of up to 1% pay award for public sector workers.

I should be grateful if the STRB could aim to provide a report on this matter as soon as possible in the **second half of February 2015**. I look forward to receiving your recommendations on the 2015 pay award.



Rt Hon Nicky Morgan MP

APPENDIX B

Letter from the Chief Secretary to the Treasury



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

Review Body Members
School Teachers' Review Body
Office of Manpower Economics
Victoria House, Southampton Row
London WC1B 4AD

29 July 2014

Dear Review Body Members

PUBLIC SECTOR PAY 2015-16

I would like to thank you for your work on the 2014-15 pay round. I am strongly convinced of the role of the pay review bodies in determining national pay awards in the public sector and appreciate the important part the pay review bodies have played over the last four years. For a number of review bodies this has included providing expert advice and oversight of wider reforms to pay policy and systems of allowances, in addition to the annual award. I am confident the changes brought about by the pay review body recommendations in these areas are making a significant contribution to the improvement and delivery of public services.

2. You will have seen that for the 2014-15 pay round there were some review body recommendations which, after careful consideration, the Government decided were unaffordable at this time. I hope you will appreciate this was a difficult decision and that the Government continues to greatly value the contribution of the pay review bodies in delivering robust, evidence-based pay outcomes for public sector workers.

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3. The Autumn Statement of 2013 highlighted the important role in consolidation that public sector pay restraint has played. The fiscal forecast shows the public finances returning to a more sustainable position. However, the fiscal challenge remains and the Government believes that the case for continued pay restraint across the public sector remains strong. Detailed evidence will be provided during pay review process, but at the highest level, reasons for this include:

a. Recruitment and retention: While recognising some variation between remit groups, the evidence so far is that, given the current labour market position, there are unlikely to be significant recruitment and retention issues for the majority of public sector workforces over the next year.

b. Affordability: Pay restraint remains a crucial part of the consolidation plans that are continuing to help put the UK back on to the path of fiscal sustainability – and continued restraint in relation to public sector pay will help to protect jobs in the public sector and support the quality of public services.

4. In the 2013 Budget the Government announced its policy that public sector pay awards would be an average of up to 1 per cent in 2015-16.

5. The pay review bodies will want to consider the evidence carefully in producing their reports. In particular, what award is justified within the bounds of pay restraint and whether there is a case for a higher award to particular groups of staff, relative to the rest of the workforce, due to particular recruitment and retention difficulties.

6. Pay awards should be applied to the basic salary based on the normal interpretation of basic salary in each workforce. This definition does not include overtime or any regular payments such as London weighting, recruitment or retention premia or other allowances.

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7. Following the Government's announcement in the 2013 Spending Review, substantial reforms to progression pay have been taken forward or are already underway across the public sector. As in the 2014-15 pay round, the Government also asks the pay review bodies to again consider the impact of their remit group's progression structure and its distribution among staff in recommending annual pay awards.

8. I look forward to your recommendations, and reiterate my thanks for the invaluable contribution made by the School Teachers' Review Body during the course of this Parliament.

Best wishes
Danny Alexander

DANNY ALEXANDER

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APPENDIX C

Conduct of the review

- C1. The Secretary of State for Education, the Rt Hon Nicky Morgan MP, in her remit letter of 10 September 2014 asked us to consider:
- *What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to reflect the average of up to 1% pay award for public sector workers.*
- C2. The Secretary of State's remit letter, reproduced in Appendix A, asked us to report on these matters as soon as possible in the second half of February 2015. The remit letter also asked us, in considering how the award should be applied, to consider the comments of the Chief Secretary to the Treasury in his letter of 29 July 2014 to all STRB members (reproduced in Appendix B) on recruitment and retention issues, affordability, and the continued need for pay restraint. The work to respond on these matters took place between September 2014 and February 2015.
- C3. The wide range of evidence considered by the Review Body is set out in the body of this report. Below are details of the statutory consultation undertaken by the Review Body, and details of the visits and meetings which informed members' broad understanding of the issues.

Consultation

- C4. On 12 September 2014 the Review Body gave the following organisations the opportunity to make written representations and provide evidence on the matter on which it was due to report:

Government

Department for Education (DfE)
Welsh Government

Organisations representing teachers

Association of School and College Leaders (ASCL)
Association of Teachers and Lecturers (ATL)
British Association of Teachers of the Deaf (BATOD)
National Association of Head Teachers (NAHT)
National Association of Schoolmasters Union of Women Teachers (NASUWT)
National Union of Teachers (NUT)
Undeb Cenedlaethol Athrawon Cymru (UCAC)
Voice

Association of local authorities

National Employers' Organisation for School Teachers (NEOST)

Organisations representing governors

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

- C5. The Review Body also notified the following organisations of its remit:

Agency for Jewish Education
Association of Directors of Children's Services (ADCS)
Association of Directors of Education in Wales (ADEW)
Association of Professionals in Education and Children's Trusts (Aspect)

Board of Education, General Synod of the Church of England
 Catholic Education Services for England and Wales
 Her Majesty's Inspectorate for Education and Training in Wales (Estyn)
 Freedom and Autonomy for Schools – National Association (FASNA)
 Free Churches Education Committee
 General Teaching Council for Wales (GTCW)
 Independent Academies Association
 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

- C6. The Review Body invited the above consultees to respond in writing by 31 October 2014 and asked them to copy their submissions to other consultees. It gave consultees an opportunity to comment in writing on other consultees' submissions.
- C7. The following consultees made written submissions: ASCL¹, ATL², DfE³, NAHT⁴, NASUWT⁵, NEOST, NGA⁶, NUT⁷, UCAC⁸, Voice⁹ and the Welsh Government¹⁰. In addition a joint submission from five teacher unions (ASCL, ATL, NAHT, NUT and Voice) and a submission from the Independent Academies Association were received.
- C8. ASCL¹¹, ATL¹², NAHT, NASUWT¹³, NUT¹⁴, UCAC¹⁵ and the Welsh Government¹⁶ each provided a supplementary submission in response to other consultees' submissions.
- C9. The following consultees were invited to make oral representations: ASCL, ATL, DfE, NAHT, NASUWT, NEOST, NGA, NUT, UCAC, Voice and the Welsh Government. All these organisations except NGA made individual representations at meetings in December 2014.

Visits and Meetings

- C10. In total, the Review Body held 10 meetings between 19 September 2014 and 13 February 2015. It held three additional meetings at which members heard oral representations from consultees.

¹ ASCL (2014) - <http://www.ascl.org.uk/utilities/document-summary.html?id=A1F696EE-8EF1-404B-A28D5471C5131A5C>

² ATL (2014) - http://www.atl.org.uk/Images/ATL_evidence_to_the_School_Teachers_Review_Body.pdf

³ DfE (2014) - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370590/141027_DfE_Evidence_to_STRB.pdf

⁴ NAHT (2014) - <http://www.naht.org.uk/welcome/news-and-media/key-topics/pay-and-conditions/naht-submits-evidence-to-the-school-teachers-review-body/>

⁵ NASUWT (2014) - http://www.nasuwt.org.uk/consum/groups/public/@press/documents/nas_download/nasuwt_013263.pdf

⁶ NGA (2014) - [http://www.nga.org.uk/About-Us/Campaigning/Consultation-\(1\)/Evidence-submitted-to-the-STRB-by-the-National-Gov.aspx](http://www.nga.org.uk/About-Us/Campaigning/Consultation-(1)/Evidence-submitted-to-the-STRB-by-the-National-Gov.aspx)

⁷ NUT (2014) - <http://www.teachers.org.uk/files/nut-strb-submission-october-2014-final.pdf>

⁸ UCAC (2014) - http://www.athrawon.com/images/Ymatebion/1411_STRB_2014-15_Pay_Award.pdf

⁹ Voice (2014) - <http://www.voicetheunion.org.uk/files/pdfs/STRBNov2014.pdf>

¹⁰ Welsh Government (2014) - <http://gov.wales/docs/dcells/consultation/141103-submission-of-evidence-to-the-chair-of-the-schools-teachers-review-body-october-2014-en.pdf>

¹¹ ASCL (2014) - <http://www.ascl.org.uk/utilities/document-summary.html?id=E0688152-772C-4751-B91F65A30FED4F10>

¹² ATL (2014) - http://www.atl.org.uk/Images/ATL_25th_STRB_response.pdf

¹³ NASUWT (2014) - http://www.nasuwt.org.uk/consum/groups/public/@press/documents/nas_download/nasuwt_013264.pdf

¹⁴ NUT (2014) - <http://www.teachers.org.uk/node/23420>

¹⁵ UCAC (2014) - http://www.athrawon.com/images/Ymatebion/1411_STRB_Consultation_Responses_25thRemit.pdf

¹⁶ Welsh Government (2014) - <http://gov.wales/docs/dcells/consultation/141128-supplementary-submission-on-the-remit-november-2014-en.pdf>

- C11. In considering this remit, the Review Body took account of conversations held with teachers, school leaders and local authority officials in six local authorities visited over the last nine months¹⁷.
- C12. The new Chair, Dr Patricia Rice, was formerly a member of the Review Body and was appointed as Chair in September 2014. She had an introductory meeting with the Secretary of State and, accompanied by one member, also met with officials from the Welsh Government. She also held introductory meetings with the General Secretaries of ASCL, ATL, NAHT, NASUWT, NUT and UCAC and with representatives from NEOST.
- C13. The Review Body received presentations relevant to the remit including from Stephen Isherwood, Chief Executive of the Association of Graduate Recruiters (AGR), Charlie Taylor, Chief Executive of the National College for Teaching and Leadership and Brett Wigdortz, Chief Executive of Teach First.

¹⁷Northumberland, Swindon, Wiltshire, Windsor and Maidenhead, Hertfordshire and Basildon.

APPENDIX D

Current and recommended pay levels

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

	Current pay range	Recommended September 2015
Unqualified Teacher Pay Range	£pa	£pa
Minimum	16,136	16,298
Maximum	25,520	25,776
Main Pay Range		
Minimum	22,023	22,244
Maximum	32,187	32,831
Upper Pay Range		
Minimum	34,869	35,218
Maximum	37,496	37,871
Leading Practitioner Pay Range		
Minimum	38,215	38,598
Maximum	58,096	58,677

Classroom Teachers' pay – Fringe area

	Current pay range	Recommended September 2015
Unqualified Teacher Pay Range	£pa	£pa
Minimum	17,196	17,368
Maximum	26,577	26,843
Main Pay Range		
Minimum	23,082	23,313
Maximum	33,244	33,909
Upper Pay Range		
Minimum	35,927	36,287
Maximum	38,555	38,941
Leading Practitioner Pay Range		
Minimum	39,267	39,660
Maximum	59,151	59,743

Classroom Teachers' pay – Outer London area

	Current pay range	Recommended September 2015
Unqualified Teacher Pay Range	£pa	£pa
Minimum	19,167	19,359
Maximum	28,555	28,841
Main Pay Range		
Minimum	25,623	25,880
Maximum	35,823	36,540
Upper Pay Range		
Minimum	38,355	38,739
Maximum	41,247	41,660
Leading Practitioner Pay Range		
Minimum	41,247	41,660
Maximum	61,131	61,743

Classroom Teachers' pay – Inner London area

	Current pay range	Recommended September 2015
Unqualified Teacher Pay Range	£pa	£pa
Minimum	20,293	20,496
Maximum	29,673	29,970
Main Pay Range		
Minimum	27,543	27,819
Maximum	37,119	37,862
Upper Pay Range		
Minimum	42,332	42,756
Maximum	45,905	46,365
Leading Practitioner Pay Range		
Minimum	45,436	45,891
Maximum	65,324	65,978

Classroom Teachers' allowances

	Current range	Recommended September 2015
Teaching and Learning Responsibility (TLR) payment 3 (Fixed term)	£pa	£pa
Minimum	511	517
Maximum	2,551	2,577
Teaching and Learning Responsibility (TLR) payment 2		
Minimum	2,587	2,613
Maximum	6,322	6,386
Teaching and Learning Responsibility (TLR) payment 1		
Minimum	7,471	7,546
Maximum	12,643	12,770
Special Educational Needs Allowance (SEN)		
Minimum	2,043	2,064
Maximum	4,034	4,075

Leadership pay – England and Wales excluding the London area

	Current pay range			Recommended September 2015		
	£pa			pa		
Leadership Minimum ¹	38,215			38,598		
Head Teacher Group						
1	43,232	–	58,096	43,665	–	58,096
2	45,421	–	62,521	45,876	–	62,521
3	48,991	–	67,290	49,481	–	67,290
4	52,653	–	72,419	53,180	–	72,419
5	58,096	–	79,872	58,677	–	79,872
6	62,521	–	88,102	63,147	–	88,102
7	67,290	–	97,128	67,963	–	97,128
8	74,215	–	107,210	74,958	–	107,210

Leadership pay – Fringe area

	Current pay range			Recommended September 2015		
	£pa			£pa		
Leadership Minimum ¹	39,267			39,660		
Head Teacher Group						
1	44,290	–	59,151	44,733	–	59,151
2	46,474	–	63,585	46,939	–	63,585
3	50,043	–	68,350	50,544	–	68,350
4	53,709	–	73,474	54,247	–	73,474
5	59,151	–	80,932	59,743	–	80,932
6	63,585	–	89,162	64,221	–	89,162
7	68,350	–	98,182	69,034	–	98,182
8	75,269	–	108,271	76,022	–	108,271

¹ Minimum for Deputy and Assistant Head Teachers only.

Leadership pay – Outer London area

	Current pay range			Recommended September 2015		
	£pa			£pa		
Leadership Minimum ¹	41,247			41,660		
Head Teacher Group						
1	46,264	–	61,131	46,727	–	61,131
2	48,454	–	65,557	48,939	–	65,557
3	52,019	–	70,321	52,540	–	70,321
4	55,681	–	75,450	56,238	–	75,450
5	61,131	–	82,908	61,743	–	82,908
6	65,557	–	91,134	66,213	–	91,134
7	70,321	–	100,159	71,025	–	100,159
8	77,248	–	110,243	78,021	–	110,243

Leadership pay – Inner London area

	Current pay range			Recommended September 2015		
	£pa			£pa		
Leadership Minimum ¹	45,436			45,891		
Head Teacher Group						
1	50,461	–	65,324	50,966	–	65,324
2	52,650	–	69,750	53,177	–	69,750
3	56,213	–	74,518	56,776	–	74,518
4	59,880	–	79,642	60,479	–	79,642
5	65,324	–	87,101	65,978	–	87,101
6	69,750	–	95,330	70,448	–	95,330
7	74,518	–	104,353	75,264	–	104,353
8	81,441	–	114,437	82,256	–	114,437

¹ Minimum for Deputy and Assistant Head Teachers only.

ISBN 978-1-4741-1631-2



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