School Teachers’ Review Body

Twenty-Sixth Report – 2016

Chair: Dr Patricia Rice

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

July 2016

Cm 9302
TERMS AND ABBREVIATIONS

Consultees  Organisations which made representations and provided evidence to the STRB

ASCL  Association of School and College Leaders
ATL  Association of Teachers and Lecturers
BATOD  British Association of Teachers of the Deaf
DfE/the Department  Department for Education
NAHT  National Association of Head Teachers
NASUWT  National Union of 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
Welsh Government

Other

AGR  Association of Graduate Recruiters
ASHE  Annual Survey of Hours and Earnings
BIS  Department for Business, Innovation and Skills
BME  Black and Minority Ethnic groups
CPI  Consumer Prices Index
DSG  Dedicated Schools Grant
EBacc  English Baccalaureate
EFA  Education Funding Agency
ESG  Education Services Grant
Estyn  Education and training inspectorate for Wales
EWC  Education Workforce Council
FE  Further Education
FTE  Full time equivalent
GDP  Gross Domestic Product
HEI  Higher Education Institution
HESA  Higher Education Statistics Agency
HESCU  Higher Education Careers Services Unit
ITET  Initial Teacher Education and Training (Wales)
ITT  Initial Teacher Training (England)
MFG  Minimum Funding Guarantee
MFR  Main Pay Range
NAO  National Audit Office
NCTL/National College  National College for Teaching and Leadership
NQT  Newly Qualified Teacher
NTS  National Teaching Service
OBR  Office for Budgetary Responsibility
OECD  Organisation for Economic Co-operation and Development
Ofsted  Office for Standards in Education, Children’s Services and Skills
OME  Office of Manpower Economics
ONS  Office for National Statistics
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  ITT based in schools
SCITT  School-Centred Initial Teacher Training
SEN  Special Educational Needs
SFR  Statistical First Release
SOC  Standard Occupational Classification
STEM  Science, Technology, Engineering and Mathematics
STRB/Review Body  School Teachers’ Review Body
SWC  School Workforce Census
TLR  Teaching and Learning Responsibility
TPSM  Teacher Planning and Supply Model (Wales)
TSM  Teacher Supply Model (England)
UPR  Upper Pay Range
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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
- Sir Robert Burgess
- Ken Clark
- Dan Flint
- Philippa Hird
- Mike Redhouse
- Jeanne Watson
Executive Summary

Our remit on pay for September 2016

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 promote recruitment and retention within an average pay award of 1%. She asked us to ensure that our proposals reflected the Government’s policy on public sector pay awards and focused on addressing recruitment and retention pressures, having regard to: affordability, at both national level and for individual schools; evidence on the wider labour market and expected demand for teachers; the need to ensure our proposals were not difficult or onerous to implement; and the Government’s commitment to increasing autonomy for schools to develop pay arrangements appropriate to their local circumstances, within the national pay framework. She made clear in evidence to us that there would be no increase in school funding to cover the cost of our recommendations.

The teacher unions disagreed with the premise of the remit, which appeared to restrain awards to an average 1% of pay. They sought an increase substantially higher than 1%, which, they said, should be fully funded. They noted the significant impact on real terms incomes of several years of public sector pay restraint. 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 analysis

Recruitment and retention pressures have become more acute, creating a challenging climate for schools. We have noted significant shortfalls in recruitment to ITT for the secondary sector and an increase in vacancy numbers, including in all the core subjects. Figures show a significant increase in the number of teachers resigning from the profession (including higher wastage in early years) at a time when pupil numbers are increasing, adding to the demand for teachers. Our analysis of earnings data showed that the relative position of teachers’ earnings has deteriorated further this year and they continue to trail those of other professional occupations in most regions. We are concerned about this further deterioration in the recruitment and retention position when set against strong demand in the graduate labour market and continuing concerns in the profession about workload.

In this context, it is vital that schools consider how best they can use the pay flexibilities available to help them secure and retain good teachers and develop pay policies to reflect local conditions. These include:

- offering higher starting salaries to attract high calibre graduates;
- making differentiated, performance-based, progression awards, so the best teachers progress more rapidly, unconstrained by nationally set points within the ranges; and
- greater discretion in the use of allowances, including recruitment and retention incentives targeted on local needs.

Our conclusions and recommendations

Based on our assessment of recruitment and retention considerations alone, there is a case for an uplift higher than 1% to the national pay framework, to strengthen the competitive position of the teaching profession at a time of growing demand for graduates. It would also provide headroom for schools to offer higher salaries where required to incentivise and retain teachers in response to local conditions. However, we are required to take other considerations into account, including schools’ readiness to manage the consequences of a higher uplift, given the Government’s clear position that there will be no additional funding.
Without extra funding, schools would need to manage their budgets to balance competing pressures, including the need to offer higher salaries to recruit or retain good teachers. As schools now have considerable autonomy on pay, a higher uplift to the minima and maxima of the pay ranges within the national pay framework need not automatically translate into the same level of uplift to all salaries and allowances. However, it is clear that many schools are not yet confident in using pay flexibilities to develop targeted pay responses which help them make best use of budgets to meet local needs. Use of generic pay policies remains widespread and many schools have some way to go in establishing pay policies which provide a robust basis for differentiated individual awards, and targeting of recruitment and retention pressures.

Taking all these factors into account, and balancing risks to recruitment and retention against the importance of giving schools time to plan for managing a higher uplift, we judge there would be significant risks associated with a recommendation this year for an uplift of more than 1% to the national pay framework. For September 2016 we therefore recommend a 1% uplift to the minima and maxima of all classroom teacher pay ranges and leadership pay ranges in the national pay framework, and to classroom teacher allowances (TLRs and SEN).

However, if current recruitment and retention trends continue, we expect an uplift to the pay framework significantly higher than 1% will be required in the course of this Parliament to ensure an adequate supply of good teachers for schools in England and Wales. Accordingly, we recommend the Department, and our consultees take steps to help schools prepare for such an eventuality. Given the budgetary context, this will require school leaders and governing bodies to be confident in both managing their workforce and in setting pay policies which enable differentiated performance-based awards to individuals, such that teachers and leaders can be appropriately rewarded within the available budget.

As requested in our remit, we considered whether there was scope for nationally targeted uplifts higher than 1% to address recruitment and retention pressures, but concluded that it should be for individual schools to decide how to target any pay uplift, according to their local circumstances.

**Other issues**

The Secretary of State also asked us to make recommendations on: additional flexibilities for schools and incentives to recognise performance; a salary advance scheme for rental deposits; and changes to the STPCD following new registration fee arrangements to finance the Welsh Education Workforce Council.

On **non-consolidated payments**, we saw some merit in the principle of using such awards, notably to incentivise performance for those at the top of their pay range. However, we concluded it is desirable for recent changes to the pay system to bed down before considering the use of non-consolidated payments further. In particular, we would want to be assured that schools were using the existing flexibilities with confidence and with suitably robust governance oversight. We therefore recommend that **at present, there should be no change to the STPCD in relation to non-consolidated payments**.

On ‘stepping down’ from the upper to the main pay range, we noted there is no explicit statement on criteria for progression on the upper pay range in the STPCD. Neither are there explicit statements of responsibilities or separate standards for teachers on the upper pay range. That being the case, and in the absence of an evidence base on local practice, we have no clear basis for a recommendation on ‘stepping down’. We therefore recommend **no change to the provisions in the STPCD on arrangements for upper pay range teachers**.

There was broad support from consultees for a **salary advance scheme for rental deposit** for teachers. We consider such arrangements can help schools with recruitment and retention and that schools would benefit from clarification on their appropriate use. We **recommend that the Department include a section in the statutory guidance making clear that a salary advance**
scheme for rental deposit is one of a number of tools that schools might consider for aiding recruitment or retention, and provide detailed advice on the implementation of such schemes on the DfE web pages.

Registration and regulation of the education workforce in Wales has been devolved and is undertaken by the Welsh Education Workforce Council (EWC). We accept in principle that the associated fee arrangements, including for teachers, should be a matter for the Welsh Government. However the Welsh Government cannot provide any assurances on the future fee structure before the elections in Wales in May 2016. **We recommend that, subject to receiving appropriate assurances, the Secretary of State should at a later date remove the relevant provision from the STPCD.**

Looking ahead, we underline the need for the Department to help schools make the most effective use of pay flexibilities to recruit and retain the teachers they need, whilst managing tight budgets. It is vitally important that the national pay framework remains attractive to potential recruits and to serving teachers and school leaders. If current recruitment and retention trends continue, a significant uplift to the pay framework is likely to be required. A strengthening graduate labour market will, in any case, demand effective local targeting of pay, to reward performance and respond to local labour market conditions. In our view, pay progression is a crucial tool for schools in rewarding and retaining good teachers. We emphasise the expectation, endorsed by the Secretary of State, that good teachers should progress through the main pay range within about five years and that schools should set their pay policies and manage their budgets accordingly.

Our consideration of this remit has brought into focus the case for a closer examination of the classroom teacher pay framework, including the rationale for the main and upper pay ranges, the purpose of allowances and the use of non-consolidated payments alongside well-embedded performance-based progression. We believe a future remit covering these issues could help provide a firmer foundation for schools’ pay policies.

Finally, we reiterate the need for robust evidence from the Department’s evaluation of recent pay reforms to inform future remits on pay and to help shape schools’ future thinking on how good practice can develop.
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. The Secretary of State’s remit letter of 7th October 2015 asked us to consider:

- What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention within an average pay award of 1%.
- What adjustments, if any, should be made to the pay and conditions framework to provide additional flexibilities for schools and incentives to recognise performance.
- Whether the existing salary sacrifice arrangements should be extended to provide scope for a salary advance scheme for rental deposits.
- What changes to the Document may be appropriate following the introduction of new registration fee arrangements to finance the Welsh Education Workforce Council (EWC).

1.2 The remit letter (reproduced in Appendix A) asked us to aim to report on these matters before the end of April 2016. It also asked us to have regard to seven considerations when making our recommendations: the Government’s public sector pay policy; affordability; ease of implementation; the teacher labour market; the wider labour market; implications of changing pupil numbers for teacher supply and the Government’s commitment to increasing autonomy for schools on pay matters. In addition, it asked us to take account of the letter of 19th August 2015, from the Chief Secretary to the Treasury (reproduced in Appendix B), which set out the Government’s continuing policy of pay restraint for workers across the public sector. In this chapter we describe the wider context for our remit and outline the structure of this report.

Background and context

1.3 In recent years the Government has introduced significant reforms to the pay framework for teachers flowing from the recommendations of our 21st and 23rd reports. Consistent with the principle of greater autonomy for schools, there is now a broad national pay framework within which school leaders and governing bodies have greater flexibility to respond to local need and appropriately reward performance. The key reforms introduced differentiated performance-related progression for all teachers and provided greater flexibility for schools to tailor their pay policies to support recruitment and retention according to local circumstances and to set pay for school leaders, taking into account the challenges and circumstances of individual schools.

1.4 In recommending these changes, we recognised that some schools would find effective implementation of pay reform challenging, particularly in the context of tight budgets and continuing public sector pay restraint. We anticipated that it could take some time before the changes were embedded and schools were able to take full advantage of the new flexibilities. Our 21st report recognised the need for transitional support for schools, providing for discretionary reference points in school pay policies; and setting out clearly the scope for school discretion in considering how to apply any uplift to the national framework to individual salary ranges and allowances.
1.5 We noted that such support could, in the longer term, hinder the development of new arrangements that were more appropriate to schools’ local circumstances. In our 24th report we therefore recommended that reference points be removed from the national advice, so that it was clear that schools should, from September 2015, make performance-related progression decisions in accordance with local pay policies.

1.6 Last year in our 25th report we recommended an uplift of 1% to the minima and maxima of all the pay ranges and allowances in the national pay framework from September 2015, with two exceptions. We recommended a higher uplift of 2% for the maximum of the main pay range, signalling a higher headline figure to attract high calibre graduates. We also proposed there should be no uplift to the maximum of the eight head teacher groups and the maximum of the leadership pay range, given there was already significant scope for governing bodies to set higher pay levels where this was merited. 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.

1.7 We also confirmed our recommendation in the 24th Report that reference points within national pay ranges be removed from Departmental advice. We recognised that some schools might decide to set their own pay points in their local policies, if they judged it appropriate to their needs. The Government accepted all our recommendations.

1.8 We noted in our last report the importance of receiving detailed evidence from a major evaluation of the recent pay reforms, commissioned by the Department for Education (DfE). Disappointingly, this is not yet available. It remains vital to gain a fuller picture of schools’ use of the existing pay flexibilities, to inform consideration of future remits.

**Our approach to the review**

1.9 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 provided consultees with an opportunity to comment on others’ written submissions.

1.10 We held oral representation sessions with teacher and head teacher unions to explore their position on various topics and their views on others’ written submissions. We also heard oral representations from the Department, including the Secretary of State; the Welsh Government; employer representatives (National Employer Organisation for School Teachers (NEOST)) and governor representatives (National Governors’ Association (NGA)). 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.

1.11 We thank all our consultees who provided timely, detailed written submissions and contributions at oral evidence sessions. These enabled us to consider the remit issues thoroughly and examine critically the available evidence before making our recommendations.

1.12 We also explored wider evidence. In particular, we considered evidence of trends in the wider labour market for graduates, recruitment and retention of teachers and comparisons between teacher earnings and those of other graduate professions, to ensure we had a broad overview of the environment for attracting and retaining good graduates to the teaching profession. This evidence is set out fully in Chapter 2, along

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1 Our statutory consultees are defined in section 121 of the Education Act 2002. Individual organisations are listed in the Terms and Abbreviations.
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.

1.13 We considered submissions presented to the House of Commons Education Committee’s inquiry into the supply of teachers\(^2\). We also noted Her Majesty’s Chief Inspector of Education, Children’s Services and Skills’ Annual Report 2014/15, in which he commented on leadership capacity and teacher supply, and the National Audit Office report, Training new teachers\(^3\).

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 National Leaders of Education, National Leaders of Governance, representatives from the UCL Institute of Education, Sheffield Hallam University Institute of Education, the National College for Teaching and Leadership and from the Department for Education, who met with us and provided 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 presents data on the teacher labour market, including our detailed analysis of teacher and wider graduate earnings and the budgetary context for schools.
- Chapter 3 reports the representations and evidence from the Department and statutory consultees on the context for this remit and a pay award for September 2016.
- Chapter 4 sets out our assessment of the context for our consideration of teachers’ pay and presents our conclusions and recommendations.
- Chapter 5 reports the representations and evidence from the Department and statutory consultees, our conclusions and recommendations on the other remit matters:
  - additional flexibilities and incentives for schools to recognise performance;
  - a salary advance scheme for rental deposits; and
  - the Welsh Education Workforce Council fee arrangements.
- Chapter 6 looks ahead to ways in which schools may need to develop their approaches to teachers’ pay.

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\(^3\) *Training new teachers*, NAO, 2016, HC 798 Session 2015-2016.
CHAPTER 2

The teacher labour market

2.1 In examining the teacher labour market we consider the main economic indicators, teacher and wider graduate earnings and recruitment into initial teacher training. We also include our own detailed analysis of teacher and wider graduate earnings; our assessment of the trends on teacher recruitment and retention; and our understanding of the affordability position. Unless otherwise stated, our analyses relate to teachers in all publicly funded schools.

Economy-wide earnings and prices

2.2 We have examined the long-term view of changes in average earnings across the economy compared to changes in prices. Following a long period of earnings growth exceeding price inflation, a sharp decline in earnings growth from summer 2008 saw this trend reversed. However, since autumn 2014 earnings have once again started to grow faster than prices; for the three months to January 2016 average weekly earnings (excluding bonus payments) were 2.2% higher than the same period a year earlier (public sector earnings growth measured 1.5% over this period). In January 2016, twelve-month CPI inflation was 0.3%.

Chart 1
Economy-wide average weekly earnings growth (excluding bonuses) and CPI inflation (annual % changes), 2006-2016

1 OME analysis of ONS Labour Market statistics. The growth in average weekly earnings including bonuses was 2.1% over the same period.
2 ONS Labour Market Statistics.
In its February 2016 Inflation report, the Bank of England noted that CPI inflation had begun to rise, but remained close to zero due primarily to falls in the prices of energy, food and other imported goods. The Bank lowered its forecast of CPI inflation from 0.7% to 0.4% for 2016 and from 1.5% to 1.2% for 2017, compared to its November report. It expects CPI inflation to return to its 2% target in around two years.

The Bank also lowered both its 2016 and 2017 GDP forecasts to 2.2% and 2.4% respectively. It noted that quarterly GDP growth averaged 0.5% in 2015 compared to 0.7% in the previous two years. In March 2016, the OBR also revised down its GDP forecasts, to 2.0% for 2016 and 2.2% for 2017, citing a weaker global outlook and a substantially lower expectation for productivity growth.

The Bank noted that despite improving employment indicators, wage growth had softened in recent months. It said there appeared to be a number of factors temporarily weighing on wage growth, including continuing shifts in the composition of employment and possibly low headline inflation. OBR’s March 2016 forecasts suggested lower than previously projected average earnings growth, of 2.6% in 2016 and 3.6% in 2017.

**Teachers’ Pay**

**Pay settlements and earnings growth**

Chart 2 below sets out median headline pay settlements from September 2007 to December 2015. This period included the three-year pay award for teachers which ran from September 2008 to August 2011. Teachers’ pay settlements were fairly stable at 2.3% to 2.5% until 2011, when the pay freeze for teachers began and when median settlements elsewhere in the economy fell significantly.

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, briefly reaching zero in January 2010. They have since recovered steadily with median settlements having stabilised at 2% over the past two and a half years. The latest data, for the 12 months to February 2016, show private sector settlements averaging 2% and public sector settlements at 1.5%.

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4 OME analysis of XpertHR settlements data. The public sector figure reflects settlements paid to the lowest adult grades, which can exceed the overall average settlement in some public sector groups.
Teachers’ earnings growth

Over the last decade, teachers’ median earnings have grown at a slower rate than earnings across both the economy as a whole and the public sector. 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 was close to zero between 2010/11 and 2013/14, reflecting the impact of the pay freeze, and closer to 1% in 2014/15.

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5 OME analysis of XpertHR pay settlements data.
2.9 Earnings growth across the teaching profession reflects several factors, including the adjustment of pay ranges following a pay award, individuals’ pay progression and changes in the age/experience composition of the workforce. In common with others across the public sector, teachers in England and Wales experienced two years of the pay ranges being frozen, followed by three years of headline awards in line with the Government’s public sector pay policy of an average 1% increase, in September 2013, 2014 and 2015. Whilst many teachers have continued to receive pay progression, a large proportion of classroom teachers (44% in 2013/14) are at the top of their respective ranges, so will have seen little change in their annual salary during this period unless they have taken on new responsibilities.

Teachers compared to the wider graduate labour market

2.10 We have examined a range of information on the graduate labour market, including vacancies and salaries, and have compared both the starting pay and profession-wide earnings of teachers with those of other professions. As in previous reports, we compare teachers’ earnings with those of other professional occupations as described by the Standard Occupational Classification (SOC). Our analyses focus on comparisons of gross earnings (which includes all pay components), but exclude wider elements of the overall reward package for any profession (e.g. pension scheme membership).

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6 OME analysis of ONS Consumer Prices and Labour Market statistics, and DfE School Workforce Census data. 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.

7 OME analysis of DfE 2013 School Workforce Census.

8 Much of the analysis is based on survey estimates which carry some margin of error. Where sample sizes are small, including regional estimates, this error will be increased.

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.
Graduate employment, unemployment and vacancies

2.11 The latest data from the Department for Business, Innovation and Skills (BIS)\(^{10}\) shows the current unemployment rate among young graduates (21-30 year olds) at 4.4%, the lowest equivalent rate since 2008. It also shows the employment rate for postgraduates at 88.3%, the highest since 2007.

2.12 Figures from the annual surveys run by the Association of Graduate Recruiters (AGR)\(^{11}\) and High Fliers\(^{12}\) suggest the outlook for the graduate labour market is healthy. AGR predicted a 13.2% increase in vacancies for 2015 graduates (up from 4.3% in the previous year). High Fliers has reported three consecutive years of expansion, including a planned increase of 7.5% in 2016. Its research also revealed that a buoyant job market in 2015 had led to a number of graduate vacancies being left unfilled as a result of graduates turning down or reneging on job offers.

Teachers’ starting salaries compared to other graduates

2.13 In comparing teachers to other graduates’ median starting salaries we have used the minimum of the teachers’ main pay range\(^{13}\). However, schools do have the flexibility to pay more if they wish. Data relating to the starting salaries of new graduates vary in their timeliness and some are weighted towards large ‘graduate scheme’ recruiters, which tend to recruit significant proportions in London and the South East. With these caveats in mind however, there is evidence to suggest increasing opportunities and modest rises in starting salaries.

2.14 A number of sources suggest that graduate starting salaries have increased since 2013. The AGR predicted a median starting salary of £28,000 for 2015 graduates; a 3.7% increase from the previous year. Regional analyses show that London and the South East were expected to attract higher median starting salary levels, at £28,500 and £25,500 respectively, than other English regions which were predicted to have a median starting salary of £25,000. Meanwhile, High Fliers forecast a modest (£500) increase for 2015, reporting that employers planned to offer a median starting salary of £30,000 for graduates, and this remained unchanged for 2016.

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\(^{10}\) Graduate Labour Market Statistics – April-June Q2 2015; this is a quarterly publication using data from the Labour Force Survey (LFS).

\(^{11}\) AGR (2014) The AGR Annual Survey 2015; the AGR is a membership organisation and its surveys are based on returns from approximately 200 of its members (there is some overlap with High Fliers). Information for their most recent annual survey was collected in June/July of 2015 and includes year-end figures for the 2013-2014 recruitment season (i.e. 2014 graduates) and predictions for the 2014-2015 (i.e. 2015 graduates) recruitment season.

\(^{12}\) High Fliers (2016) The graduate market in 2016; this report is based on a study of graduate recruitment at the organisations named as The Times Top 100 Graduate Employers, who tend to run ‘graduate schemes’. The study took place in December 2015 to look at how many graduates the employers recruited in 2015 and assess recruitment targets for 2016.

\(^{13}\) As the majority of new teachers start on the pay scale minima, this is also the median value.
2.15 Table 1 below summarises the headline information on graduate starting salaries.

Table 1
Graduate starting salaries (median), 2012-2015

<table>
<thead>
<tr>
<th></th>
<th>2012 graduates</th>
<th>2013 graduates</th>
<th>2014 graduates</th>
<th>2015 graduates</th>
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<tr>
<td><strong>HESA – Higher Education</strong></td>
<td>£25,000 (£27,000 London)</td>
<td>£25,000 (£26,000 London)</td>
<td>£25,000 (£27,000 London)</td>
<td>–</td>
</tr>
<tr>
<td><strong>AGR – Association of Graduate Recruiters</strong></td>
<td>£26,000</td>
<td>£26,500</td>
<td>£27,000</td>
<td>£28,000</td>
</tr>
<tr>
<td><strong>High Fliers</strong></td>
<td>£29,000</td>
<td>£29,000</td>
<td>£29,500</td>
<td>£30,000</td>
</tr>
<tr>
<td><strong>IDS – Incomes Data Services; IDR – Incomes Data Research</strong></td>
<td>£25,500</td>
<td>£25,000</td>
<td>£26,000</td>
<td>£26,500</td>
</tr>
<tr>
<td><strong>Teachers</strong></td>
<td>£21,588 (£27,000 Inner London)</td>
<td>£21,804 (£27,270 Inner London)</td>
<td>£22,023 (£27,543 Inner London)</td>
<td>£22,244 (£27,819 Inner London)</td>
</tr>
</tbody>
</table>

2.16 Graduate starting salaries vary considerably across sectors with investment banks and law firms offering the highest salaries at around £45,000 and £40,000 respectively, and retail and public sector jobs offering the lowest, in the low £20,000s.

2.17 We have updated our analysis of HESA data on the destinations of recent graduates. Chart 4 below shows the percentage differential between teachers’ minimum starting salary and the median starting salary of recent years’ graduates with a first or higher degree entering other professional occupations, by region. Key points are:

- for all but one region (Inner London) teachers’ starting pay has been consistently lower than the median starting pay of other graduates;
- differentials are greatest in the South East and East of England;
- the differentials have decreased slightly in most regions since 2012.

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14 OME analysis of HESA Destination of Leavers from Higher Education (DLHE) survey; this is an official survey sent to all students approximately six months after their graduation. HESA starting salary figures are based on first and higher degree holders entering professional occupations and are rounded to the nearest £1,000. Please note that the latest data relate to 2014 graduates. The survey provided around 50,000 salary records in the group other professional occupations. 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.

15 Incomes Data Research (IDR) produce research on graduate starting salaries previously undertaken by Incomes Data Services (IDS) prior to 2015.

16 Copyright Higher Education Statistics Agency Limited. HESA cannot accept responsibility for any inferences or conclusions derived from the data by third parties.
2.18 Our detailed analysis also revealed the considerable variation in starting salaries for graduates entering other professional occupations; this is supported by the data from High Fliers and AGR showing that graduates entering certain professions can earn much higher starting salaries.

Comparisons with specific occupations

2.19 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 SOC) 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). The following charts present the median starting salary data for detailed occupations within these groupings.

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17 Standard Occupational Classification.
18 OME analysis of HESA Destination of Leavers from Higher Education (DLHE) survey.
19 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. The smallest sample size in Chart 6a (England & Wales) is 311 and in Chart 6b (London) is 105.
2.20 Key points are:

- In England and Wales (excluding London) 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/investment, IT and senior educational occupations tend to dominate the higher paying professions.

- A number of largely public sector occupations are among the higher paying occupations, including medical practitioners and social workers.

- Our wider analysis showed that the relative position of teachers’ starting pay has remained broadly similar over the last 3 years.
### Chart 5a
Median starting pay of 2014 first/higher degree graduates, by occupation, England and Wales (excluding London)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Starting Pay (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Photographers, audio-visual and broadcasting equipment operators</td>
<td></td>
</tr>
<tr>
<td>Sports coaches, instructors and officials</td>
<td></td>
</tr>
<tr>
<td>Legal associate professionals</td>
<td></td>
</tr>
<tr>
<td>Arts officers, producers and directors</td>
<td></td>
</tr>
<tr>
<td>Graphic designers</td>
<td></td>
</tr>
<tr>
<td>Laboratory technicians</td>
<td></td>
</tr>
<tr>
<td>Welfare and housing associate professionals</td>
<td></td>
</tr>
<tr>
<td>Special needs education teaching professionals</td>
<td></td>
</tr>
<tr>
<td>Journalists, newspaper and periodical editors</td>
<td></td>
</tr>
<tr>
<td>Authors, writers and translators</td>
<td></td>
</tr>
<tr>
<td>Public relations professionals</td>
<td></td>
</tr>
<tr>
<td>IT operations technicians</td>
<td></td>
</tr>
<tr>
<td>Financial and accounting technicians</td>
<td></td>
</tr>
<tr>
<td>Architectural and town planning technicians</td>
<td></td>
</tr>
<tr>
<td>IT user support technicians</td>
<td></td>
</tr>
<tr>
<td>Conference and exhibition managers and organisers</td>
<td></td>
</tr>
<tr>
<td>Teaching and other educational professional</td>
<td></td>
</tr>
<tr>
<td>Marketing associate professionals</td>
<td></td>
</tr>
<tr>
<td>Web design and development professionals</td>
<td></td>
</tr>
<tr>
<td>Managers and directors in retail and wholesale</td>
<td></td>
</tr>
<tr>
<td>Pharmacists</td>
<td></td>
</tr>
<tr>
<td>Human resources and industrial relations officers</td>
<td></td>
</tr>
<tr>
<td>Public services associate professionals</td>
<td></td>
</tr>
<tr>
<td>Buyers and procurement officers</td>
<td></td>
</tr>
<tr>
<td>Managers and proprietors in other services</td>
<td></td>
</tr>
<tr>
<td>Business sales executives</td>
<td></td>
</tr>
<tr>
<td>Business and related associate professionals</td>
<td></td>
</tr>
<tr>
<td>Chartered and certified accountants</td>
<td></td>
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<tr>
<td>Environment professionals</td>
<td></td>
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<tr>
<td>Researches</td>
<td></td>
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<tr>
<td>Occupational therapists</td>
<td></td>
</tr>
<tr>
<td>Medical radiographers</td>
<td></td>
</tr>
<tr>
<td>Midwives</td>
<td></td>
</tr>
<tr>
<td>Physiotherapists</td>
<td></td>
</tr>
<tr>
<td>Vocational and industrial trainers and instructors</td>
<td></td>
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<tr>
<td>Chartered surveyors</td>
<td></td>
</tr>
<tr>
<td>Health professionals</td>
<td></td>
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<tr>
<td>Finance and investment analysts and advisers</td>
<td></td>
</tr>
<tr>
<td>Sales accounts and business development managers</td>
<td></td>
</tr>
<tr>
<td>Primary and nursery education teaching professionals</td>
<td></td>
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<tr>
<td>Nurses</td>
<td></td>
</tr>
<tr>
<td>Secondary education teaching professionals</td>
<td></td>
</tr>
<tr>
<td>Biochemists, medical scientists</td>
<td></td>
</tr>
<tr>
<td>Programmers and software development professionals</td>
<td></td>
</tr>
<tr>
<td>Quantity surveyors</td>
<td></td>
</tr>
<tr>
<td>Information technology and telecommunications professionals</td>
<td></td>
</tr>
<tr>
<td>IT business analysts, architects and systems designers</td>
<td></td>
</tr>
<tr>
<td>Management consultants and business analysts</td>
<td></td>
</tr>
<tr>
<td>Business and financial project management professionals</td>
<td></td>
</tr>
<tr>
<td>Civil engineers</td>
<td></td>
</tr>
<tr>
<td>Design and development engineers</td>
<td></td>
</tr>
<tr>
<td>Engineering professionals</td>
<td></td>
</tr>
<tr>
<td>Social workers</td>
<td></td>
</tr>
<tr>
<td>Veterinarians</td>
<td></td>
</tr>
<tr>
<td>Mechanical engineers</td>
<td></td>
</tr>
<tr>
<td>Production and process engineers</td>
<td></td>
</tr>
<tr>
<td>Further education teaching professionals</td>
<td></td>
</tr>
<tr>
<td>Dental practitioners</td>
<td></td>
</tr>
<tr>
<td>University researchers, unspecified discipline</td>
<td></td>
</tr>
<tr>
<td>Medical practitioners</td>
<td></td>
</tr>
<tr>
<td>Senior professionals of educational establishments</td>
<td></td>
</tr>
<tr>
<td>Higher education teaching professionals</td>
<td></td>
</tr>
</tbody>
</table>

The chart shows the median starting pay for 2014 first/higher degree graduates in various occupations in England and Wales (excluding London), with the pay range from £0 to £40,000.
Chart 5b
Median starting pay of 2014 first/higher degree graduates, by occupation in London
Graduate Pay progression

The preceding analysis focused on the levels of starting salaries. For many graduates, an additional consideration in occupational choice relates to their expectation of salary progression in their early years of employment.

We have compared the rate of pay progression that teachers and other graduates can expect to make in their early years of employment (see Chart 6 below).

- Teachers in England and Wales who have received progression increases have typically seen their salaries increase by 26% after three years and by 48% after five years (from the minimum to the maximum of the main pay range), and by slightly more on average when allowances are taken into account.

- 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.

- IDR found in its 2016 report that the average salaries (excluding bonuses) of graduates with three year tenure was 33% higher than the corresponding average starting rate; graduates with five year tenure had an average salary some 53% higher than the starting rate. These figures are considerably lower than those reported in previous reports, particularly for the 5 year point. This is likely to reflect changes in the composition of the research sample and slower pay growth in the most recent years as firms take tighter control of labour costs.

Chart 6
Typical pay levels (left axis) and % change over starting pay (right axis) after 3 and 5 years

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21 This figure is broadly consistent with other pay progression analyses from AGR and HESA as cited in AGR’s 2016 Development Survey.
22 IDR (2016) Pay and Progression for Graduates 2016 and OME analysis of DfE School Workforce Census 2013. Figures for teachers with allowances include the estimated average earnings from allowances for teachers with three and five years’ service based on the 2013 SWC.
Recent reforms provide for differentiated performance-based progression in teaching but with 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.

**Profession-wide teacher earnings compared to other graduate occupations**

As in previous reports we examined profession-wide teaching earnings compared to the earnings of those in other professional occupations. Chart 7 below provides this on a regional basis. The teachers’ earnings data are drawn from the November 2014 School Workforce Census which covers England only so Wales is not included in this analysis. The chart shows that, in 2014/15, classroom teachers’ median earnings trailed those of other professionals in 8 (of 10) regions. Across all regions the relative position of classroom teachers’ earnings had worsened since 2011/12. While some caution is needed because of sample sizes in the regional comparator data, the figures indicate deterioration in the relative position of teachers over the past four years.

**Chart 7**
**Classroom teachers’ median earnings compared to other professional occupations (% difference), 2011/12 to 2014/15**

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Chart 8 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 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 we observed in the 2013/14 data, it shows that the comparator groups have

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23 ONS analysis of DfE School Workforce Census (SWC) and ONS Annual Survey of Hours and Earnings (ASHE) data. This analysis is based on classroom teachers. All estimates for other professional occupations are associated with a margin of error, and where sample sizes are small the margins of error will be wider as a consequence.
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 available in the teaching profession.

Chart 8  
Teachers’ and school leaders’ earnings compared to other professionals, 2014/15  
– Inter-quartile range, 5th and 95th Percentiles

2.26 Our analysis has shown a mixed position on teacher salaries. While starting salaries are lower than those of other professional occupations in all regions except Inner London, the differential appears to have slightly decreased in the most recent year in a number of regions. However we also note the evidence of improving opportunities for graduates and modest increases to their starting salaries. The picture on profession-wide earnings is clearer, showing that teachers’ earnings have undergone a further deterioration in almost all regions since we last reported and continue to trail those of other professional occupations in most regions.

Recruitment and Retention

Future demand for teachers

2.27 The latest pupil projections data\textsuperscript{24} for England and Wales show that overall, pupil numbers (aged up to and including 15) in state-funded schools are projected to increase between 2015 and 2024:

- By 2024 the number of pupils in state-funded primary schools in England will increase to 4.7 million, 8% higher than in 2015, after which they are projected to be broadly stable.

• Secondary-aged pupil numbers have been declining since 2005. However, numbers will start to rise in 2016 as the growth in primary-aged pupils begins to feed through. By 2024, the number of state-funded secondary pupils is projected to be 20% higher compared to 2015.

Chart 9
Number of pupils (aged up to age 15) in England (millions)

2.28 Long-term projections of pupil numbers from DfE 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 remain unchanged from the 2014 national pupil projections:

• 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 is projected to stabilise in London, but not until 2016 for other regions. By 2017 the secondary age population is projected to increase in all regions.

2.29 In Wales, secondary school pupil numbers are expected to increase by around 4% from 2015 to 2022 as the large increase in primary numbers seen in the preceding years starts to feed through. Meanwhile the number of pupils will continue to increase in primary schools, by 6% from 2015 to 2022. The projections suggest a net increase across both phases of 5% over the period to 202225.

25 OME analysis of Welsh Assembly Pupil Projections statistics.
Deployment of teachers and support staff

2.30 The school workforce has expanded in recent years due to increases in numbers of teachers and, particularly, support staff. The rapid increase in support staff followed a number of policy and curriculum changes including the inclusion of more children with special needs in mainstream schools. There has also been an expansion of roles to support coaching and mentoring in key subject areas.

- In England the number of teachers has increased by 5% since 2004/05, to 454,900 (FTE) in 2014/15; the number of teaching support staff (including teaching assistants, special needs support and minority ethnic needs support staff) increased by 73%, to 255,000, over the same period. Teaching support staff numbers have increased by 16% in the last 3 years.

- In Wales, the number of teachers has decreased by 6% since 2004/05, to 24,511 in 2014/15. Teaching support staff (including teaching assistants, special needs support and minority ethnic needs support staff) almost doubled over the same period, to 19,000. Support staff numbers have increased by 17% in the last 3 years.

Pupil to teacher ratios

2.31 Pupil to teacher ratios (PTRs) and pupil to adult ratios (PARs – which include teaching support staff, but exclude administrative and clerical staff) are affected by changes in numbers of pupils, teachers and support staff. Recent trends show improvements to the ratios (see Chart 10).

- In England, PTRs in both primary and secondary maintained schools have decreased on average since 2005 by around 7% (from 22.5 to 20.9 in primary and from 16.7 to 15.5 in secondary), although they increased slightly between 2013 and 2014. Figures for academies are similar to maintained schools.

- PARs have also decreased since 2005, due to increasing numbers of support staff, by around 18% in primary schools and 15% in secondaries (from 13.4 to 11.1 in primary and from 12.2 to 10.4 in secondary), although they increased slightly between 2013 and 2014 in secondary schools.

- In Wales, primary and secondary PTRs have remained broadly flat since 2005 although they slightly increased in primary schools between 2013/14 and 2014/15 (PTRs in 2014/15 were 21.2 in primary and 16.2 in secondary). PARs have decreased since 2005 (from 12.8 to 10.0 in primary schools and from 13.2 to 11.3 in secondaries).

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26 OME analysis of DfE School Workforce statistics and Welsh Government Schools Census data.
Chart 10
Pupil Teacher Ratios and Pupil Adult Ratios in maintained schools, England

Teacher Supply

2.32 The Department uses its Teacher Supply Model (TSM)\(^\text{29}\) to predict the future national need for teachers and to inform the allocation of funding and places for Initial Teacher Training (ITT) at a national level. The model accounts for a number of factors including the drop-out rate of trainee teachers, subsequent wastage among qualified teachers, pupil projections, policy changes that impact on the take-up of particular subjects and re-entrants to the profession. In a typical year just over half of entrants to the profession are NQTs; the remainder are returners\(^\text{30}\) to the profession (approximately 30%) or qualified teachers new to the state school sector (approximately 15%)\(^\text{31}\). Recent improvements to the model include the modelling of separate numbers for all the main secondary curriculum subjects rather than just the EBacc subjects. However, the model does not attempt to match the future supply of teachers to the estimated demand for qualified teachers in particular regions or localities.

Initial Teacher Training in England

2.33 The routes into teaching can be divided broadly into university-led training (with provision for undergraduates and post-graduates) and school-centred training, which has grown in significance in recent years through School Direct (salaried or unsalaried) and school-centred initial teacher training (SCITT). In addition to these routes, Teach First provides a two-year scheme that includes a Leadership Development Programme and management skills training for well-qualified graduates to work in schools serving low-income communities across the UK.

\(^{28}\) There are no PAR data recorded for 2010.
\(^{30}\) Entrants for whom DfE has a record of previous service in a publicly-funded school in England.
\(^{31}\) OME analysis of School Workforce Statistics.
Bursaries

2.34 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 £3,000 to £30,000 (the latter for trainees with a first class degree or PhD in physics) and competitive scholarships of up to £30,000 to support recruitment to physics, maths, chemistry and computing. Previous DfE analysis suggested that an increase of £1,000 in bursary value was associated with a 2.9% increase in applications\textsuperscript{32}. In Wales, incentive grants range from £3,000 to £20,000 (the latter for trainees with a first class degree who are entering training to teach maths, physics, chemistry or Welsh).

Recruitment against targets

2.35 We have compared the number of recruits to ITT against the overall post-graduate target numbers specified by the Teacher Supply Model. There is a single target across all routes, so we are unable to assess performance against target for the different routes\textsuperscript{33}. The data show that the number of recruits has fallen short of the overall target in the last three years, although the absolute number of recruits did increase in 2015/16. In the primary sector, recruitment in 2015/16 significantly exceeded the reduced target. Recruitment to the secondary sector has declined compared to target since 2010/11 and was 18% below the increased target in 2015/16.

Table 2
Recruitment to postgraduate ITT compared to target, by phase, England

<table>
<thead>
<tr>
<th></th>
<th>Primary</th>
<th></th>
<th>Secondary</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number recruited</td>
<td>Target</td>
<td>Number recruited</td>
<td>Target</td>
<td>Number recruited</td>
<td>Target</td>
</tr>
<tr>
<td>2010/11</td>
<td>11,107</td>
<td>11,770</td>
<td>18,343</td>
<td>15,859</td>
<td>29,450</td>
<td>27,629</td>
</tr>
<tr>
<td>2011/12</td>
<td>12,790</td>
<td>13,040</td>
<td>15,590</td>
<td>13,807</td>
<td>28,380</td>
<td>26,847</td>
</tr>
<tr>
<td>2012/13</td>
<td>13,874</td>
<td>14,421</td>
<td>14,293</td>
<td>13,817</td>
<td>28,167</td>
<td>28,238</td>
</tr>
<tr>
<td>2013/14</td>
<td>14,004</td>
<td>14,130</td>
<td>13,050</td>
<td>13,340</td>
<td>27,054</td>
<td>27,470</td>
</tr>
<tr>
<td>2014/15</td>
<td>12,782</td>
<td>14,328</td>
<td>12,971</td>
<td>13,866</td>
<td>25,753</td>
<td>28,194</td>
</tr>
<tr>
<td>2015/16</td>
<td>13,034</td>
<td>11,245</td>
<td>15,114</td>
<td>18,541</td>
<td>28,148</td>
<td>29,787</td>
</tr>
</tbody>
</table>

\textsuperscript{32} National Audit Office (2016) Training new teachers.
\textsuperscript{33} OME analysis of DFE Initial teacher training census.
2.36 Chart 12 below provides more detail on ITT recruitment in 2015 by phase and subject. Key points are:

- In 2015/16, 116% of primary and 82% of secondary training places were filled.
- Recruitment levels varied across secondary subjects. The target was met or exceeded for history, English and P.E. For all other subjects the number of recruits failed to meet the target; this included design and technology (41% of target), physics (71%), geography (83%), modern languages (87%), and maths (93%).
- Across recent years, English and history have consistently exceeded their target number of places. In contrast, maths, physics, biology and design and technology have failed to meet their targets for at least the past four years. Evidence from the National Audit Office (NAO) highlights the point that some subjects are hard to fill because they are less popular with university students (e.g. to meet the 2014/15 target for history trainees DfE had to attract 1 in 25 history graduates but for maths and physics it needed to attract 1 in every 5 maths and physics graduates).
ITT routes into teaching

2.37 We have examined the breakdown of ITT recruitment between PGCE, undergraduate and School Direct routes, and Teach First. Key points on the latest recruitment data are:

- There was a further shift from postgraduate routes to School Direct in 2015/16; overall, 48% of recruits were to traditional PGCE courses (53% in 2014/15), 31% to School Direct (29% in 2014/15), 16% to undergraduate courses (18% in 2014/15) and the remaining 5% to Teach First.
- 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 2% for secondary). School Direct now accounts for around a third of both secondary and primary trainees.

Gender, age and ethnicity of recruits to ITT (England 2015/16)

2.38 Males comprised 20% of recruits to primary ITT and 40% of recruits to secondary ITT; this is little changed from 21% and 40% in 2014/15. The corresponding percentages for the whole teacher workforce in England were 15% and 38% respectively in 2015/16, up slightly on the previous year (13% and 36%).

2.39 Overall, in 2015/16 39% of recruits to ITT were aged 25 or over with 11% aged 35 or over (unchanged from the previous year). Higher proportions of older recruits used the School Direct routes, especially the ‘salaried’ variant.

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34 OME analysis of DfE ITT Census 2013/14 and 2014/15; Teach First figures reported directly from Teach First.
2.40 While 14% of new recruits were of Black and Ethnic Minority (BME) origin in 2015/16, which is slightly higher than both the previous year’s figure and the profile of the wider teaching workforce, it is still significantly lower than the school age pupil population for which BME groups make up nearly a quarter\textsuperscript{35}.

**ITT outcomes**

2.41 In 2013/14 (the latest year for which data are available), 91% of trainees commencing ITT courses went on to achieve Qualified Teacher Status (QTS). This figure varied between 89% and 90% in the years 2009/10 to 2011/12 but had dropped to 87% in 2012/13\textsuperscript{36}. The proportion of trainees achieving QTS and in a teaching post within six months of completing their course was 80% in 2013/14, having fluctuated between 71% and 75% from 2009/10-2012/13.

**Initial Teacher Training in Wales**

2.42 The Welsh Government has continued to reduce ITT places. As chart 13 demonstrates, overall intake numbers have reduced considerably since 2004/05 following a review of ITT provision in Wales and based on evidence of past oversupply of teachers. The Welsh Government’s recommendation is that ITT intake numbers should be held at a steady state for 2015/16. The number of places on employment-based routes remains relatively small, at around 4% of overall places leading to QTS in Wales\textsuperscript{37}.

![Chart 13](chart13.png)

First year students on ITT courses in Wales\textsuperscript{38}

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\textsuperscript{35} OME analysis of ONS 2011 Census (age 0-19).


\textsuperscript{37} Welsh Government (2015) Written submission to STRB.

\textsuperscript{38} Welsh Government (2013) SB47/2015 Initial Teacher Training in Wales, 2013/14 and OME analysis of Stats Wales data. This is the latest data available.
Teacher vacancies and temporarily filled posts

2.43 The published headline vacancy rate across all state-funded schools in England in November 2014 was 0.3%; within the overall figure, the rates for head teachers and deputy/assistant heads were 0.2% and 0.4% respectively. Although low in percentage terms, the absolute numbers of officially recorded vacancies show large increases over recent years; the 2014 headline rate equated to 1,030 full-time vacancies. A further 3,210 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, up by more than a third since 2013. Chart 14 below shows that over the last 4 years the numbers of vacancies and temporarily filled posts have doubled in primary schools and trebled in secondary schools.

Chart 14
Full-time teacher vacancies and temporarily filled posts, England 2011-2014

2.44 Using the broader definition of vacancies and temporarily filled posts, we note that in secondary schools in England, the subjects with the highest vacancy rates in November 2014 were IT, maths, science and English, where the absolute numbers increased by 50%, 48%, 32% and 27% respectively since November 2013.

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

- whether a school has recruited teachers with an appropriate range of experience and of the required quality;
- the availability of sufficient, suitably qualified, specialist subject teachers;

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39 Advertised vacancies for full-time permanent appointments (or appointments of at least one term’s duration). Includes vacancies being filled on a temporary basis of less than one term.
40 OME analysis of DfE Workforce Statistics.
41 This includes advertised vacancies for full-time permanent appointments (or appointments of at least one term’s duration) and vacancies being filled on a temporary basis of less than one term. Temporary filled posts are those where a vacancy exists, advertised or not, which is currently being filled by a teacher on a contract of at least one term but less than a year.
• localised variation in vacancies;
• the number of vacancies across the academic year, rather than a simple autumn snapshot.

2.46 In this context, we note again that the proportion of hours taught by secondary school teachers who do not hold a relevant post A-level qualification varies considerably and can be high; examples from November 2014 are physics (28%), maths (20%), chemistry (20%), and English (17%)43. Chart 15 below provides data across a wider range of subjects for the four years to November 2014 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 the last three years for some subjects.

Chart 15
Percentage of hours taught in a typical week to pupils in years 7 to 13 by teachers without relevant post A-level qualification, England 2010-2014

[Bar chart showing percentage of hours taught by teachers without relevant post A-level qualification across different subjects for each year from 2010 to 2014.]

Teacher Vacancies in Wales

2.47 The statistics for advertised vacancies in Wales show that between 1 January and 31 December 2014, 785 teacher vacancies were advertised for primary schools (728 in 2013) with an average of 18 applications received per vacancy for every post advertised (unchanged from last year); there were 741 teacher vacancies advertised for secondary schools (1,021 in 2013) with an average of 10 applications received per vacancy (8 in 2013)44.

43 OME analysis of DfE School Workforce statistics. Rates for Modern Foreign Languages are also high, although this is partly accounted for by the presence of some teachers native to the relevant language for whom an equivalent language qualification is not required.

44 Welsh Government (2015) Written submission to STRB.
Teacher retention

2.48 The rate of qualified teachers leaving the profession (the ‘wastage rate’) increased from 8.9% in 2011 to 9.7% in 2014, equating to around 42,000 full-time equivalent teachers leaving the state-funded sector in the year to November 2014. In 2014:

- The rate for secondary schools (9.8%) was slightly higher than for primary schools (9.4%);
- The rate for males (10.4%) was slightly higher than that for females (9.5%); and
- The rate is higher for part-time teachers (13.3%) than for full-time teachers (9.1%).
- The NAO reports that maths and science teachers are among those most likely to leave.

2.49 The headline figures include both resignations (i.e. out of service) and retirements and these are presented separately in Chart 16 below. The chart shows a striking increase in teachers recorded as ‘out of service’ or resigning since 2011, up from 24,330 to 31,350 in 2014, increasing in proportion from around 65% to 75%.

Chart 16
Teacher wastage in the state-funded schools (FTE), England, 2011-2014

2.50 Last year we noted declines in the retention rates for teachers with three, four and five years’ service. Table 3 below, with an additional year’s data, shows a similar picture with further deterioration in the retention rates of teachers with between two and five years’ service.

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45 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.
Table 3
Retention rates for newly qualified teachers, England

<table>
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<tr>
<th>Year qualified</th>
<th>Recorded in service by:</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
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<tr>
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<td>91%</td>
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<td>1997 March 1998</td>
<td>18,900</td>
<td>90%</td>
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2.51 Recent research on the teacher labour market by NFER examined the destination of those leaving teaching in the state-funded sector. It found that most left for other jobs in the school sector including an estimated 34% who went on to pursue teaching assistant and non-teaching roles in a school. The destination of all leavers excluding retirements was as follows:

- Non-teaching role in a school (19%)
- Teaching in a private school (16%)
- Teaching assistant in a school (15%)
- Employed in the (non-school) private sector (10%)
- Employed in the (non-school) public sector (9%)
- Unemployed (8%)
- Looking after family (7%)
- Sick, Injured, Disabled (5%)
- Student (1%)
- Working outside the UK (1%)
- Other (inactive) (7%)

2.52 We have set out below our understanding of the latest 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.

48 DfE (2015) School Workforce in England, November 2014 (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 funded schools in England in each year later. Data from 2010 are derived from the School Workforce Census; previous years are based on the Database of Teacher Records.

49 https://www.nfer.ac.uk/publications/LFS01/LFS01.pdf – analysis is based on the Labour Force Survey (LFS).
Overview

2.53 Since 2011-12, the overall schools’ budget for pre-16 education in England (excluding pupil premium) has been protected in cash terms and the 2015 Autumn Statement confirmed that it will continue to be protected at the same cash level per pupil. In 2015-16 the Dedicated Schools Grant (DSG) allocations, before recoupment of funding for academies, totalled £40.1 billion. The Government allocated an additional £390 million (on top of flat cash per pupil) to the least fairly funded local authorities in 2015-16, and DfE has confirmed that these local authorities will continue to receive this in 2016-17.

2.54 Schools in England continue to be protected from significant reductions by a Minimum Funding Guarantee which ensures that most schools will not experience a reduction to their budgets of more than 1.5% per pupil (excluding sixth form funding) compared to the previous year.

2.55 The Government confirmed in its March 2016 Budget that the current system for allocating school funding would be replaced by a new National Fair Funding Formula in 2017-18. Its aim is for 90% of schools who gain additional funding to receive the full amount they are due by 2020. To enable this, the government will provide around £500 million of additional transitional funding to schools over the course of this Spending Review, on top of the commitment to maintain per pupil funding in cash terms.

School funding in Wales

2.56 Responsibility for school funding in Wales sits with the Welsh Government. The education budget in 2015/16 is approximately £2.6 billion. Gross schools’ expenditure per pupil is budgeted to be £5,526, a year-on-year decrease of 1.1%. 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)

2.57 The previous 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 deprived background, and also those who have been looked after (by a local authority) for more than six months. The overall budget for this funding has increased from £625 million in 2011-12 to £2,545 million in 2015-16. The Pupil Premium rate for children eligible for free school meals has increased over time – from £430 per pupil (both primary and secondary) in 2011-12, to £1,320 per primary pupil or £935 per secondary pupil in 2015-16. In its 2015 Autumn Statement, the Government confirmed that the Pupil Premium will be protected at current rates for the remainder of this Parliament.

2.58 Schools in Wales receive additional funding through the Pupil Deprivation Grant (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 increased from £450 to £918, is set at £1,050 in 2015-16 and will increase to £1,150 in 2016-17.

50 Drawn from DfE evidence to STRB November 2015.
53 Higher rates apply for looked after and adopted children. A separate service child premium of £300 is paid for children of services personnel.
2.59 Our analysis last year suggested that the additional funding schools received from Pupil Premium or PDG is significant, providing an additional 6.5% (median) for primary schools and 4.6% (median) for secondaries in England; and 4% (median) for schools in Wales, although there is considerable variation around these figures depending on the concentration of eligible pupils in individual schools.\(^{55}\)

School budget balances

2.60 In England, 95% of maintained primary schools and 83% of maintained secondary schools carried a surplus revenue balance in 2014-15. 4% of primaries and 15% of secondaries respectively carried a deficit. While the proportion of primary schools in deficit has remained fairly stable in recent years, the proportion of secondaries in deficit in 2014-15 represented a considerable increase on the previous year’s figure of 11%.\(^{56}\)

2.61 Table 4 shows the size of school surpluses and deficits as a percentage of schools’ overall revenue income in 2013-14 and 2014-15. Our analysis shows that in recent years the median surplus has consistently been around 6-7% of income and the median deficit around 2-4% of income.

Table 4
School Revenue Balances (% of total revenue income), England

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2014-15</th>
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<tbody>
<tr>
<td>LA maintained primary schools</td>
<td>Median surplus</td>
<td>7%</td>
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<tr>
<td></td>
<td>Median deficit</td>
<td>2%</td>
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<tr>
<td>LA maintained secondary schools</td>
<td>Median surplus</td>
<td>7%</td>
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<tr>
<td></td>
<td>Median deficit</td>
<td>3%</td>
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2.62 Our analysis of the distribution of balances shows considerable variation around the median figures:

- About 25% of primary schools in surplus have a surplus of 5% or less and around 65% have a surplus of 10% or less;
- About 40% of secondary schools in surplus have a surplus of 5% or less and around 80% have a surplus of 10% or less;
- For deficit primary schools the typical deficit is quite small: about 80% have a deficit of 5% or less;
- However, some 55% of deficit secondary schools have a deficit in excess of 5%, and 25% of secondary schools have a deficit in excess of 10%.

2.63 In Wales, some 87% of schools held reserves at 31 March 2015. The overall level of reserves held by schools in Wales was £64 million, an increase of 6.6% compared with the previous year. The level of reserves as a percentage of delegated schools expenditure was 2.9%.\(^{57}\)

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\(^{55}\) STRB 25th Report; 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.


2.64 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. pay awards and increases in related employer costs while government funding remains flat. Others may build up surpluses for capital projects.

Other changes impacting on schools’ financial position

2.65 School budgets in England and Wales are facing a range of additional pressures including:

- The continuing additional costs resulting from the changes to arrangements for employer pension contributions which were introduced in April 2015.
- Changes to employer national insurance contributions in April 2016 equating to approximately 2% of paybill.
- Reductions in the funding for sixth-forms in England. This component of schools’ funding is not protected by the Minimum Funding Guarantee.
- Most academies have been affected by a cut in the Education Services Grant (ESG).
- An increase in the National Living Wage from April 2016 which will initially be set at £7.20 for workers aged 25 and above.

The Government has said that schools would need to meet the cost of these changes from within their existing budgets.

Budgetary summary

2.66 The composition of a school’s budget is complex and the totality may change depending on:

(a) the proportion of pupils eligible for pupil premium or pupil deprivation grant;
(b) whether a school has an increasing or falling roll;
(c) the extent to which a school relies on sixth-form funding which is reducing in England;
(d) whether a school is located in the 60 local authorities in England receiving enhanced DSG funding in 2015-16.

2.67 The budgetary position for schools is challenging. The planned introduction of a new funding formula from 2017-18 means all schools face uncertainty about their own funding levels. While overall core per-pupil funding remains flat in cash terms, all schools are facing pressures on staffing costs, including recent increases in pension employer contributions and forthcoming increases in employer national insurance costs (which cumulatively equate to an increased cost of some 4% over the two years to April 2016) and wider costs which may be subject to inflationary pressures. Additional pressure will result from the Government’s March 2016 Budget announcement on the discount rate for public sector pensions which will mean further increases in employer pension costs from 2019.
Concluding comments

2.68 This chapter has set out the main data and trends affecting the teacher labour market, along with our understanding of the affordability position for schools. It draws heavily on the main sources of data published by the Department on teacher earnings and on recruitment to the profession, as well as wider published sources. In the next chapter, we set out the main points made by the Department and the consultees in their evidence. They draw widely on the same data but will offer their own interpretations and in some cases provide additional material e.g. from member surveys or commissioned analyses.
CHAPTER 3

Overview of the evidence from the Department and consultees

3.1 In this chapter we summarise the main points made to us by the Department and by consultees in their written submissions and oral representations for the 2016/17 remit. 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 begin by recording some of the general points made on the remit. We note that the parties were critical of each other’s submissions: the Department pointed to methodological weaknesses in union evidence; and the unions were highly critical of the basic premise of the remit and of the Department’s reliance upon anecdotal evidence from head teachers. In this chapter we record their views and in Chapter 4 we set out our assessment of all the evidence and our conclusions on our 2016 pay review.

General points on the remit

3.2 The Department’s submission set out the Government’s belief that public sector pay restraint had been a key part of the fiscal consolidation so far and had helped to save approximately £8 billion in the last Parliament. This policy had made a significant contribution to protecting public jobs and maintaining public services. The Government expected that the average 1% pay award for 2016/17 would be applied in a targeted manner to support the delivery of public services and to meet any recruitment and retention pressures. In oral evidence, the Secretary of State said that adhering to the Government’s average 1% public sector pay policy was critical to putting the public finances back on track.

3.3 We received a joint statement from six teacher organisations (ASCL, ATL, NAHT, NUT, UCAC and Voice). The statement set out their disagreement with the basic premise of the remit, including their shared view that:

- Teacher supply is facing a crisis, not a “challenge”; and that the DfE evidence underplayed the scale of the crisis.
- Schools need a funding increase, not simply redistribution of the existing funding.
- STRB should not be constrained by the average 1% limit on pay awards. They said the impact of the public sector pay policy had been to depress real terms pay and had seriously damaged recruitment and retention. Teachers were not rewarded fairly for the jobs they do.
- Any 1% increase should be applied to all salaries and allowances in payment; maintaining a distinction between the annual adjustment of pay scales for cost of living purposes and pay progression on the basis of performance. They urged STRB to avoid differential uplifts to the pay ranges, saying that last year’s recommendations created considerable confusion.
- The STPCD should, as a minimum, contain advice setting out a single set of advisory pay points.
- DfE should take urgent action to gather information on the pay decisions taken by governing bodies in England and Wales, for discussion with teacher unions and associations at a national level, in addition to individual school level monitoring.

3.4 The teacher unions stressed the need for the Review Body to reach its decisions independently on the basis of evidence and said we should not be constrained by the Government’s public sector pay limit. In particular, NASUWT commented on “an
increasing danger of a disconnect” between STRB’s conclusions and recommendations and noted it was “deeply disappointed” at the STRB’s continuing acceptance of the policy of pay restraint. It said the Chief Secretary’s letter to Review Body Chairs undermined the independence of the Review Body by seeking to impose constraints.

3.5 The Welsh Government noted the Government’s public sector pay policy implied increases of 1% per year for the next four years. It observed that any pay increase would be unfunded and would place additional pressures on Welsh Government budgets. It supported a national system of pay and conditions to ensure the fairest and most cost effective method of administration. It remained concerned about performance-related pay and saw no benefit to any further adjustments to the pay system.

Economic and labour market context

The Department’s views

3.6 The Department’s submission set out the Government’s belief that its economic strategy was supporting the process of recovery, reducing the deficit, completing the repair of the public finances and rebalancing the economy. It said public sector pay restraint was a key part of its fiscal consolidation strategy.

3.7 It noted labour market figures remained strong and that the Office for Budget Responsibility (OBR) expected employment to continue to rise over the forecast period, although with slower growth than in recent years. The unemployment rate had fallen from the peak of 8.4% in the final quarter of 2011 to 5.6% now. Wage growth had strengthened, with regular pay growing by 2.8% in the second quarter of 2015 compared to the same period last year. Private sector pay growth had recovered somewhat from its large decline in 2009, with a 2.9% growth rate in the second quarter of 2015 compared with a pre-recession trend of about 4% per annum.

Consultees’ comments on the overall economic and labour market context

3.8 Consultees pointed to the broader economic and labour market context for this remit, with strengthening of key indicators on economic recovery and a tightening labour market. ATL commented there was little economic evidence to support the Treasury’s arbitrary pay cap. It said the rigidity of a public sector pay cap was contrary to the flexibility desired by the Government in teachers’ pay. ATL and NAHT cited an Institute for Fiscal Studies (IFS) report which suggested that the pay cap might make recruitment and retention of teachers more difficult.

Teacher labour market

The Department’s views

3.9 The Department said the importance of high quality teachers and school leaders could not be overstated. It noted that as the economy strengthened teacher recruitment would become increasingly challenging, which is why it was focused on attracting more top graduates into the profession, particularly in core academic subjects. It said teaching continued to be an attractive profession for high quality graduates, with the proportion of new entrants with a 2:1 or above increasing each year, and 17% of trainees with a first class degree. The Department reported an increase in the number of full time equivalent (FTE) teachers employed, the majority of whom were working in the primary sector, due in part to increasing pupil numbers.

1 http://www.ifs.org.uk/publications/8027
3.10 The Department recognised that recruitment was particularly challenging in some parts of the country, especially as the economy improved. In oral evidence, the Secretary of State said it would be misleading to call the current recruitment position a ‘crisis’, which in her view would apply only if schools were unable to offer the core curriculum. The Department set out details of the steps it was taking to promote recruitment, including:

- creation of a National Teaching Service (NTS) to enable high performing teachers and middle leaders to work in under-performing schools in areas of the country that struggled to attract, recruit and retain high quality teachers;
- offering training bursaries of up to £30,000 for certain English Baccalaureate (EBacc) subjects;
- the School Direct Programme, which enabled schools to train talented people, including career changers who could earn a salary while they trained;
- piloting an initiative to improve recruitment of returning teachers;
- accreditation of new school-led providers (SCITPs);
- expansion of the Teach First programme in England and in Wales;
- working to improve the quality of ITT provision for new entrants.

3.11 The Department noted that overall pupil numbers in state-funded schools were projected to continue rising until at least 2026/27, which would have implications for future teacher demand, with the number of state-funded secondary pupils (up to and including Key Stage 5) set to be 19% higher compared to 2015/16. It also reported the Office for National Statistics (ONS) shorter-term projections of the numbers of school-aged population by region, as set out in Chapter 2 (paragraph 2.28). 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.

3.12 Commenting on the latest data on teacher vacancies and temporary filled posts (set out in Chapter 2, paragraph 2.43), the Department said vacancy rates in England had remained fairly low and relatively stable in the last five years, although there had been a small increase from 0.1% to 0.2% between November 2012 and November 2013. In November 2014 the overall rate was again higher at 0.3%. It reported:

- the number of full-time classroom teacher vacancies and temporary filled posts had increased from 520 in 2011 to 1,730 in 2014;
- continuing above-average vacancy rates for mathematics, information technology, all sciences and English;
- a small increase in the proportion of hours taught by non-specialist teachers with 28.2% of all hours taught in physics and 19.8% of all hours taught in chemistry being taught by non-specialists;
- above average proportions on non-specialist hours for modern foreign languages, although this did not take into account the native tongue of the teacher.

3.13 The Department said it was confident that vacancy rates were manageable, citing the continuing popularity of teaching for graduates, noting it had recruited 93% of the overall number of trainees it set out to train in 2014/15. 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.
Welsh Government views

3.14 We set out in Chapter 2 projections of pupil numbers in Wales and the latest data on vacancies in Wales (paragraphs 2.29 and 2.47). The Welsh Government told us there was an average of 18 applications per primary post (23 for English medium; 8 for Welsh medium) and 10 applications per secondary post (11 for English medium; 4 for Welsh medium posts). It said the head teacher population in Wales had declined over the last five years and the age profile of head teachers continued to get younger. In oral evidence officials confirmed their view that teacher recruitment was not a challenge for Wales.

Consultees’ comments on the teacher labour market

3.15 Most consultees expressed the view that there was a national crisis in teacher supply and were concerned that the Department’s evidence underplayed the scale of the crisis. The teacher unions believed that recent pay restraint had had a significant detrimental effect on recruitment and retention to the profession. ASCL said the crisis was at all levels: senior leadership, regional and by subject, including in all EBacc subjects, and said it was predicted to get worse during the lifetime of this Parliament. It noted the impact on schools, which included:

- modifying and reducing their curriculum offer;
- timetabling expertise at KS4 and KS5 in order not to disadvantage examination classes; and
- expending school budgets on recruitment costs, introductory fees to supply agencies and inflated teacher promotion costs as a retention strategy.

3.16 NAHT cited findings from its most recent survey of school leaders. This showed not only a growing problem with recruitment in all regions, but increasing numbers of cases where schools were unable to recruit at all. It said the main reasons for recruitment problems were the overall shortage of candidates, quality of those applying for vacancies and numbers leaving the profession. It reported the costs of using recruitment agencies with some schools paying up to £10,000 per vacancy. NAHT said the survey highlighted that the problem was also about retention of the best staff, who were more likely to have other career options.

3.17 ASCL said the supply of school leaders was also a serious concern. It pointed to analysis of the School Workforce Census (SWC) from 2011 to 2014, which indicated that nationally, more head teachers were leaving than entering per year as a proportion of the whole head teacher population. Voice made similar points.

3.18 The NGA reported that as last year, the recruitment of classroom teachers, and not just of the traditional shortage subjects, was a growing problem. NEOST also reported increasing recruitment difficulties at all levels and particularly, but not exclusively, in London and the South East and in particular subject areas: maths, English, science, business studies and modern foreign languages.

3.19 Most teacher unions noted increasing pupil numbers and declining numbers of applicants for teacher training. NASUWT said the change in DfE’s methodology for recording vacancies understated the extent to which teaching posts are not filled permanently. It noted that the current vacancy rate was approaching levels that the STRB had previously acknowledged as being indicative of substantial teacher supply problems.

3.20 Most teacher unions commented on teachers leaving the profession, including through retirement, and noted a higher wastage rate than in previous years. Some commented on the importance of retention in maintaining a sufficient supply of teachers, with NUT believing it to be a greater problem than recruitment. NEOST reported that the provision
in the STPCD for recruitment and retention payments was little used by schools, who were nervous about consistency and transparency. It proposed STRB explore the appetite for guidance in this area.

3.21 Other specific concerns noted by consultees included:

- BATOD said a recent survey carried out by the Association revealed a retention crisis in the coming years, as the current stock of teachers of the deaf was nearing retirement and the numbers coming through training providers to replace them were low.
- NUT commented on a slight increase in pupil teacher ratios in both England and Wales and on a further increase in the number of teachers without qualified status, a point also made by NASUWT.
- UCAC noted a rise in pupil numbers in Wales, increasing class sizes and a decrease in the number of FTE teachers in 2015.

Recruitment to Initial Teacher Training (ITT)

The Department’s views on the position in England

3.22 The Department provided information on recruitment to initial teacher training, the main points of which we record in Chapter 2. It highlighted provisional data from the NCTL’s ITT trainee census 2014/15, which suggested:

- 93% of the target for trainees for primary and secondary programmes had been reached.
- Some secondary EBacc subjects did not achieve the target numbers in 2013/14 or 2014/15 (provisional figures): mathematics, physics, biology, modern languages and classics, computer science.
- 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.

The Welsh Government’s views on the position in Wales

3.23 The Welsh Government said the teacher recruitment climate in Wales had not changed significantly during the past two years. It was maintaining stability following a substantial reduction in intake to initial teacher education and training (ITET) between 2004/05 and 2015/16, due to evidence of significant over-supply of qualified teachers. The Welsh Government detailed the training incentives offered, as recorded in Chapter 2.

Consultees’ views

3.24 Most of the teacher unions highlighted concerns about recruitment to Initial Teacher Training (ITT). They criticised the fragmentation of training routes, suggesting that an increasing focus on the School Direct route had led to instability in the system, as under-recruitment to School Direct remained much greater than the Higher Education (HE) led route.

3.25 Consultees pointed out that the Department had missed its recruitment targets for the last four years, and in the majority of secondary subjects last year. NASUWT, commenting on provisional figures for 2014/15, said ITT courses remained significantly undersubscribed and the position had deteriorated significantly since 2011. It believed there was evidence that problems with recruitment into teaching were intensifying. NUT urged caution on an apparent improvement in overall recruitment to ITT this year,
noting the figures included Teach First trainees who were not previously included. It also suggested retention of Teach First trainees after two years compared poorly with other routes.

3.26 ASCL said there was evidence from a range of sources that the ‘pipeline’ into teaching was cracking and commented on the shortfall of more than 3,400 secondary trainees entering the profession this year. It said the management of teacher training places by NCTL had been unresponsive to schools’ needs.

3.27 Some classroom teacher unions commented that the use of bursaries was ineffective as there was no requirement for a minimum period of employment as a teacher for those who receive a bursary. ATL proposed that the Government should use these funds to repay the student loans of teachers over a few years, thereby ensuring retention in the profession. It pointed out that the level of some bursaries exceeded minimum starting salaries.

Teacher morale and workload

The Department’s views

3.28 The Department’s written submission did not specifically address workload or teacher morale. In oral evidence the Secretary of State said the two main issues cited by teachers leaving the profession were workload and pupil behaviour. On the former, she said the Department was implementing an action plan arising from the Workload Challenge and needed to promulgate best practice across the system. She commented on the need for senior leaders to monitor teachers working excessive hours and noted the Department was conducting a biannual survey to track workload. She had appointed an expert group to develop better training for new teachers on how to tackle the problem of low level disruption in the classroom.

Consultees’ views

3.29 The classroom teacher unions referred to recent pay reforms having a detrimental impact on teacher morale and workload. ATL and NUT both reported the results of their pay surveys, which revealed delays by schools in informing staff whether they would progress on the pay range, and high proportions of those denied pay progression given no prior indication that they were not meeting the standards required for progression. NUT said teacher morale remained at an all-time low and suggested that the entrenchment of performance-related pay had exacerbated existing problems.

3.30 Workload was cited as a key factor in teacher retention. ATL, NASUWT and NUT all reported surveys and research showing high numbers of teachers had considered leaving the profession because of their workload. They said whilst the Government had acknowledged the workload issues, it needed to do more to address them. The teacher unions noted workload was intrinsically linked to the pay system, with its demands on teachers to gather evidence to justify progression.
Teacher earnings

The Department’s views

3.31 The Department reported that in 2014/15, whilst the median pay of classroom teachers was higher than that of private sector graduate professionals\(^2\) in the North East, North West, Yorkshire and the Humber, and the West Midlands, it was lower in all other regions, and the mean salary was lower in all regions.

3.32 The Department also presented analysis showing that the earnings of private sector graduates across England had risen more steeply than teachers’ between 2013/14 and 2014/15. However, it also suggested that over the longer period from 2002/03 to 2014/15, the real-terms earnings of private sector graduates had declined more sharply than those of teachers.

3.33 The Department noted these analyses were not based on like-for-like comparisons and the picture would be different if factors such as age and gender were taken into account. It also said pay was only part of the reward package and the analyses did not take account of additional elements offered in different professions such as pensions and healthcare benefits. It said graduates would also base their career decisions on other factors such as future career/promotion prospects, job security and work/life balance. It presented details of recent changes to pension schemes across the public sector and said these remained among the best available. They would provide guaranteed, index-linked benefits that were protected against inflation. It said the overall remuneration of public sector employees was above that of the market and the Government was clear that any changes to public service pensions, including increased contributions, did not justify upward pressure on pay.

3.34 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. It said recruitment and retention payments were used most often by Inner London schools. London schools also had most widespread use of SEN payments, which were also widely used in the East and South East. However the Department suggested caution in interpreting the figures due to the recording by some schools of such payments as ‘other payments’.

Consultees’ views

3.35 Teacher unions presented various analyses showing teachers’ pay lagging that of other graduate professions, which they said were the appropriate comparators and which rendered the teaching profession relatively unattractive. NUT questioned DfE’s methodology in comparing teachers’ pay and suggested teachers’ pay lagged behind other graduates’ pay in most regions. The teacher unions cited research by various independent commentators\(^3\) and evidence from the Labour Force Survey on the graduate labour market. These sources suggested median starting salaries would be higher in 2016 and that graduates could expect to earn significantly greater amounts than teachers three and five years after recruitment, though the rate of increase at the median was similar for both groups.

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\(^2\) 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 2 compares teachers’ earnings with those in the ‘professional occupations’ group alone.

\(^3\) Association of Graduate Recruiters (AGR), High Fliers, Higher Education Careers Services Unit (HESCU) Incomes Data Research (IDR), Institute of Fiscal Studies (IFS), Xpert HR.
3.36 The teacher unions also commented on a significant cumulative loss in real-terms gross pay for teachers from September 2010 to September 2015. A variety of specific comparisons were highlighted:

- NASUWT asserted the values of the teacher pay ranges were 30% lower than if awards had matched RPI inflation cumulatively over the period.
- ATL said the real value of teachers starting salaries had fallen by 10.6% and salaries at the top of the main scale by 9.7%.
- NUT noted pay settlements in the wider economy running ahead of inflation, generating real terms’ pay increases for other groups while teachers’ pay continued to fall in real terms, with a 15% decline since 2010.

3.37 Most of the teacher unions and NEOST said 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. NUT reported its most recent survey of members showed the rate of progression was over 90% on the main pay range and below two thirds on the upper pay range, with a bigger proportion of secondary teachers than primary teachers turned down. 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. In oral evidence teacher unions claimed pay flexibilities were being used to suppress pay progression because of budget pressures.

3.38 NASUWT said there was emerging evidence of increasing pay disparities between head teacher/school leadership pay and that of classroom teachers. It said pay of classroom teachers working in academies had been depressed and the pay of school leaders had increased when compared with the local authority maintained sector. It also expressed concerns on the gender pay gap, which was more pronounced in the academy sector. Both NASUWT and NUT said there was evidence of widening pay inequalities within schools, disproportionately affecting black and minority ethnic (BME) teachers, women teachers, disabled and part-time teachers.

3.39 Several consultees noted recent reforms had been detrimental to teachers’ pensions and drew attention to the increased pension contributions now paid by teachers, as well as the removal of the contracted-out rebate (1.4%) for the Teachers’ Pension Scheme from April 2016. NASUWT also commented on the number of teachers opting out of the Teachers’ Pension Scheme, noting that the highest numbers of those opting-out were those with less than five years’ service, and mentioned potential changes to the pensions’ taxation regime.

Affordability in schools

The Department’s views

3.40 The Department said the Government had prioritised investment in education as one of its measures for driving long-term economic growth and had continued to protect the overall schools budget in England. It emphasised this represented ‘flat cash per pupil’ protection and said:

- the Dedicated Schools Grant allocation in 2014/15, before recoupment of funding for academies, was £40.1 billion with an additional £2.5 billion for the Pupil Premium;
- the Minimum Funding Guarantee (MFG) would 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;

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• an additional £390m (on top of flat cash per pupil) to the least fairly funded local authorities in 2015-16; and
• plans to introduce a new National Fair Funding Formula during this Parliament.

3.41 The Department said the teacher paybill for publicly funded schools for the 2015/16 academic year was estimated to be approximately £24.2 billion. It estimated a further flat 1% pay uplift to all salaries, together with increased National Insurance costs, workforce expansion and pay drift, would see the paybill increase to £25 billion. It said the cost would need to be met from existing school budgets. If STRB recommended differential pay awards, it could result in some schools seeing disproportionate increases in their staffing budgets, potentially creating a risk to their financial security. In oral evidence the Secretary of State said schools were expected to maximise efficiencies and share costs with other schools to deal with budgetary pressures and confirmed there would be no additional funding for schools.

Affordability in Wales

3.42 The Welsh Government provided details of the Welsh education budget in 2015/16, which are set out in Chapter 2. It noted that any pay increase would be unfunded and would place additional pressures on Welsh Government budgets. Officials confirmed in oral evidence that a 1% pay award was affordable overall, although they recognised that individual schools in deficit may face financial difficulties.

Consultees’ views on affordability

3.43 The six unions’ joint statement said there should be an overall funding increase for schools. It said school funding settlements proposed by Government for the remainder of this Parliament would place insurmountable pressure on schools in terms of their ability to maintain current spending, regardless of pay increases or other forecast increases in costs. They believed that any pay increase should also be fully funded by the Government. Both ASCL and NASUWT expressed disquiet that the STRB had been asked to consider the issue of affordability.

3.44 ASCL said that while school budgets remained under significant pressure, any unfunded increase would be of concern. NAHT made a similar point, noting increased employer costs of nearly 6% this year. It reported from responses to its members’ survey that among those who had to cut their expenditure, a very small proportion (3.25%) had taken a decision not to apply last year’s increase. Most respondents believed that not awarding a 1% increase would damage motivation at a time when teachers were under enormous pressure.

3.45 NASUWT provided statistics showing that schools’ average budget surpluses had increased significantly in recent years and the number of schools in deficit had almost halved since 2009. It commented that DfE does not currently provide data on revenue balances held by academies and free schools, but believed these to be substantial. It also noted planned local authority spend on schools increased by 2.36% in 2015-16. NASUWT said it was clear that schools could afford a significant increase in teachers’ pay.

3.46 NEOST reported that schools were increasingly highlighting problems that could lead to deficit budgets. It said the Education Funding Agency (EFA) was entering into discussions with academies on deficits (maintained schools may enter into arrangements with the local authority for ‘licensed deficits’). It said that in 2015-16 DfE had provided £390 million of top-up for 69 local authorities, which were underneath ‘minimum funding levels’. For 2016-17 this would be baselined but there would be no more money.

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5 This figure includes teachers in academies who are not bound by STPCD.
6 The latest available figures at the time of submission in November 2015.
The proposed cut to the Education Services Grant of £600m announced in the Spending Review was yet another pressure. When questioned in oral evidence, representatives confirmed a very mixed picture on schools’ budgetary position and noted that pension and National Insurance increases, the National Living Wage and a new national funding formula would have a significant impact in future. It acknowledged that some schools might have to make redundancies, which initially would fall on non-teaching staff, to support an average 1% pay award.

**Views on a pay award for 2016/17**

*The Department’s views*

3.47 The Department said that following the Government’s acceptance of the recommendations of the 21st – 25th 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. The Government had accepted the recommendations in the 25th report for an uplift of 1% to the national pay framework for teachers, with two exceptions – a 2% uplift to the maxima of the main pay range and no increase to the maxima of the eight head teacher pay group ranges. The Government’s view was that uplifts should not be applied automatically to any teacher and that any individual pay award needed to take account of performance, determined in light of an individual school’s pay policy. Its view was that as schools are becoming increasingly accustomed to, and confident in, this approach, a similar approach should be taken this year, namely that it will be for schools to use their autonomy and set out in their pay policies how they intend to deal with any proposed uplifts to the national framework.

3.48 The Department said the STRB would wish to consider the extent to which this would help schools to promote recruitment and retention or whether it would be more effective to provide a more targeted approach, e.g. differentiating the increase to the minima and maxima of the ranges. In all cases the STRB should consider the options within the Government’s pay policy of an average uplift of 1% across the overall workforce. The Secretary of State reinforced this point in oral evidence. She also confirmed her view that any publication of reference points would be a retrograde step.

*Consultees’ views on a pay award for 2016/17*

3.49 In setting the context for their views on an award for 2016/17, many consultees set out their concerns about the implementation of the 2015/16 award. All the teacher unions7 and NEOST said the 2% uplift to the maximum of the main pay range was confusing and had been interpreted in different ways by schools. Consequently, in some schools it would take good teachers longer than five years to reach the maximum of the main pay range, as proposed in STRB’s 21st report8. Consultees contended that any uplift should be applied uniformly across all pay ranges. NAHT said the recommendation that the maxima of the head teacher pay ranges be frozen had caused widespread anger and consternation among its members as it was seen as deeply divisive and unjust. NEOST noted the recommendation had led some governing bodies to seek to review the head teacher pay range in order to provide the head with a pay rise.

3.50 The teacher unions and NEOST also told us that the vast majority of schools in England, including academies, were continuing to use (uplifted) pay scales and reference points, which provided certainty and career progression, matched with performance-related pay progression. Schools and local authorities in Wales were also using reference points.

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7 BATOD did not comment on the implementation of the 2015 pay award.
8 STRB, 21st report, Cm 8487, TSO paragraph 4.69.
3.51 NASUWT expressed concern about widespread retrospective alteration of school pay policies and practice, citing research commissioned from the Warwick University Institute for Employment Research. It also said teachers with protected characteristics had been particularly disadvantaged by the approach taken by schools.

3.52 All the teacher unions sought a pay award substantially higher than 1% and said it should be fully funded by the Government\(^9\). The six unions’ joint statement sought a significant pay increase and urged the Review Body not to be constrained by the average 1% limit on public sector pay. ASCL considered the restriction was at odds with the requirement that the STRB should consider teacher supply, the labour market, the demand for teachers and the Government’s commitment to autonomy. ATL said the compelling economic picture meant STRB should resist the 1% limit.

3.53 The teacher unions considered that continued capping of pay would further damage teacher supply. They suggested the only way to secure teacher supply was to offer reward packages that competed effectively with other professions and a pay structure which offered a clear career path. NAHT said pay signalled the importance of a job to society, so it was a key issue.

3.54 NUT made a specific proposal for an immediate uniform increase of not less than £2,000 for all teachers in September 2016. It proposed this would be the first stage in a phased restoration of teacher’s pay, over as short a period as possible, to the real values and the structure which prevailed in 2010. It also proposed a further review of pay for the longer term, with full consideration of pay levels elsewhere in the economy, in order to set teachers’ pay thereafter at the appropriate levels. It believed such a recommendation would send out a strong signal about pay to serving and potential teachers. This would bolster the status of the profession, attract significant publicity and help recruitment and retention. In oral evidence it noted that compression of the differentials from a flat cash increase would make the upper pay range relatively less expensive and called on STRB to:

- recommend the restoration of fixed pay points to the STPCD or, failing that, recommend the restoration of reference points, uplifted each year at the same time as the uplift in pay ranges;
- restore the right to pay portability; and
- take no further steps towards the conflation of the nature and purpose of the cost of living increase and pay progression, but instead maintain a clear distinction between the two in its recommendations.

3.55 BATOD sought an unspecified flat rate increase for all teachers. The Welsh Government proposed that any recommendations should not exceed 1% of the salary bill in recognition of the financial pressures it was facing.

3.56 The teacher unions said pay restraint over the last five years had depressed teachers’ real earnings to the extent that recruitment and retention were being seriously harmed and teachers were not being fairly rewarded for their work.

3.57 All consultees believed a pay award should be applied uniformly to all pay ranges and salaries and allowances in payment, for both teachers and school leaders. They also agreed there was a need to maintain a distinction between a cost of living increase and pay progression on the basis of performance.

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\(^9\) BATOD did not specify the magnitude of an increase.
3.58 On the question of targeting, the teacher unions suggested the need for a higher than 1% pay award was acute at all levels in the framework: starting pay sent an important signal for recruitment, but the maximum of the upper pay range and progression through the pay ranges were important for retention. For head teachers, starting pay was important to encourage teachers to commit to the risks of headship.

3.59 NEOST said it believed strongly that an award should not be differentiated, suggesting it would be seen as divisive and contrary to recruitment and retention. It believed it would be difficult to engineer a targeted approach within 1% and it would have only a marginal impact.

3.60 The NGA remained of the view that the public sector pay award was designed to be a cost of living rise and therefore any pay award should not be subsumed into provisions around performance.

3.61 All consultees strongly supported the publication of reference points, whether in the STPCD or in guidance. They said this would provide clarity for schools, since most were using reference points published by the unions and NEOST. Some classroom teacher unions said the reformed pay system was a driver of additional workload, as teachers were required to spend time gathering evidence to support their performance appraisal and provide justification for pay progression.

3.62 NEOST reiterated its support for a national framework that enabled consistency of pay and conditions across the teacher workforce in all publicly funded schools. It noted that the majority of academies continue to follow the terms of the STPCD even though they are not obliged to. It was concerned the STPCD had become too complex and commented on the cost to the public purse in terms of time and resource spent on implementation of recent pay reforms. It argued for minimal change to the pay framework in 2016/17 to provide a breathing space for schools to understand the flexibilities open to them and to allow them to take a considered, proactive approach.
CHAPTER 4

Teachers’ pay: our conclusions and recommendations

Context

4.1 In Chapter 1 we set out the background to our current remit on teachers’ pay. We noted in particular the recent reforms of the teachers’ pay system, which provide for differentiated performance-related progression at all levels and greater discretion for schools to develop pay policies appropriate to their local circumstances, including paying higher salaries where needed for recruitment and retention purposes.

4.2 As last year, the broader context for our deliberations remains a tight fiscal climate and associated public sector pay restraint, and strengthening demand in the graduate labour market. At school level, there are tougher challenges in terms of funding and teacher recruitment and retention. We set out below our conclusions on the key considerations underpinning our recommendations on uplifting the pay framework.

Pay review for 2016

4.3 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 promote recruitment and retention within an average pay award of 1%. We examined this against the background of the recent pay reforms; our analysis of relevant data on the teacher labour market in Chapter 2; and the views and representations made by the Department and consultees, set out in Chapter 3. We also considered evidence provided to the House of Commons Education Committee on its inquiry into the supply of teachers1 and the National Audit Office (NAO) report, Training new teachers2.

4.4 We have also taken into account the specific considerations to which the Secretary of State asked us to have regard in her remit letter: the Government’s pay policy; affordability (both nationally and for individual schools); the need to ensure proposals were not onerous to implement; evidence on teacher supply and on the wider labour market; forecast changes in pupil population; and the Government’s commitment to increasing autonomy for schools.

Teachers in the graduate labour market

4.5 In recent reports, our analysis has identified emerging risks in the labour market for teachers. This was evidenced in our report last year by stronger demand in the graduate labour market and indications of a deteriorating situation for teacher recruitment and retention. In particular, we highlighted the weakening relative position of the starting and profession-wide pay of teachers, further falls in recruitment to initial teacher training (ITT), and the fact that pupil projections suggest an increased demand for teachers.

4.6 This year, most consultees said there was a strong case for a significant pay award and believed this should be fully funded. They presented their own analyses of real terms reductions in teachers’ pay since 2010 and pointed to the recruitment and retention data as evidence of the need for an award higher than an average 1%. Our analysis of graduate salaries in Chapter 2 indicated increases in starting pay of between 2% and 1%

4%, suggesting further widening of the gap between teachers and other graduate professions. However, we also noted indicators showing a slowing of wage growth in recent months as well as the prevailing low inflation rates, with CPI below 1% for the last year, and likely to remain so throughout 2016.

4.7 Overall, the evidence shows a further strengthening in the graduate labour market with career opportunities for graduates continuing to improve. Teachers’ median starting pay remains lower than that available in a wide range of other professions. The relative position of earnings across the teaching profession has deteriorated in recent years and classroom teacher earnings continue to trail those of other professional occupations in most regions.

Recruitment and retention

4.8 All consultees told us that recruitment difficulties, both for classroom teachers and for leadership posts, were becoming more widespread; extending in terms of geographical areas and affecting a wider range of subjects. We noted the evidence from ASCL and NAHT, whose surveys of head teachers continue to indicate difficulties in recruiting the number and quality of teachers needed.

4.9 In his annual report, the Chief Inspector reported that schools, particularly in challenging areas, are facing difficulties securing the teachers and leaders they need. He said it was an urgent priority for government to develop local intelligence on teacher vacancies and recruitment in different parts of the country to be able to respond to this very real problem. In a similar vein, the National Audit Office (NAO) has commented that indicators suggest that teacher shortages are growing. It reported that in 2015/16, 14 out of 17 secondary subjects had unfilled training places, compared with 2 subjects with unfilled places in 2010/11.

4.10 Our own assessment of the latest available teacher recruitment and retention data is that the position is deteriorating, a view supported by conversations we have had with teachers, school leaders and local authority officials during our visits. This is a serious concern when pupil numbers, especially in the secondary sector, are set to grow further over coming years. In particular, we have observed:

- significant shortfalls in ITT recruitment for the secondary sector, with most subject targets not met (Chapter 2, Table 2 and Chart 11);
- further increases in the official vacancy numbers, including in all the core subjects (English, maths and science) as well as a number of key secondary subject areas (Chapter 2, Chart 14);
- the proportion of hours taught by teachers with no relevant post A-level qualification has increased in a range of subjects, not only for the STEM subjects (Chapter 2, Chart 15);
- a significant increase in the number of teachers resigning from the profession (Chapter 2, Chart 16); and
- a falling retention rate in early years of service (Chapter 2, Table 3).

4.11 We noted consultees’ comments about the complex and fragmented system of recruitment to initial teacher training, which, they suggested, deterred potential recruits. We also noted their concerns, echoed by the Chief Inspector, that schools in areas where there are few providers of ITT may struggle to recruit new teachers.

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3 See footnote 9 in Chapter 2 for definition.
School budgets

4.12 As last year, there are significant pressures on individual schools’ budgets. While the overall schools’ budget in England will be protected in terms of flat cash per pupil, with additional Pupil Premium funding for eligible pupils, schools face a range of additional pressures, including:

- Increasing employer costs relating to pensions and, from April 2016, the impact of the ending of contracting out on National Insurance.
- A reduction in the funding for sixth-forms in England, which is not protected by the Minimum Funding Guarantee.
- A cut in the Education Services Grant (ESG) affecting most academies.
- The Government’s March 2016 Budget announcement on the discount rate for public sector pensions which will mean further increases in employer pension costs from 2019.

4.13 Looking ahead, schools will be differentially affected by changes to the funding formula which the Government intends to implement from 2017/18. While many schools reported surpluses in 2014/15, these may already be committed to specific projects or reflect a prudent response to the anticipated financial pressures identified above. Overall, it is evident that the budgetary position for schools has become more challenging, with particular pressures in the secondary sector. In this context, we note the Secretary of State’s insistence that there would be no additional money for schools to fund any pay award.

Evidence of schools’ use of the pay framework

4.14 We described above how the reforms to the pay framework in our recent reports were intended to provide individual schools with greater flexibility to develop pay policies that enable them to address the particular local challenges they face. We do not yet have available to us robust evidence of how schools are using these flexibilities to address recruitment and retention problems. However, some consultees told us that affordability is constraining progression expectations. In the current recruitment and retention climate, pay progression is a crucial tool for schools in rewarding and retaining good teachers. In oral evidence the Secretary of State endorsed our view that good teachers should expect to progress to the maximum of the main pay range in around five years.

Our conclusions and recommendations

4.15 Our principal concern is the maintenance of a competitive pay framework that enables the teaching profession to attract high calibre graduates and retain experienced, able teachers and school leaders. Such a framework should allow schools to develop pay policies which enable them to respond effectively to local recruitment and retention pressures.

4.16 Having reviewed the full range of evidence, including the wider economic and labour market context and submissions from our consultees, we conclude that a range of factors is contributing to a deterioration in recruitment and retention. These include the continuing decline in teachers’ earnings relative to other professional occupations and the increasing availability of more rewarding career opportunities for new graduates. Other factors play a role, including widespread concerns about workload among those already in the profession.
4.17 These are worrying trends. Graduates will look at the overall package, including starting pay and progression expectations, when considering their career options. Public perceptions of the status of the profession are also important, with pay an important signal of how society values teachers. After several years of pay restraint, the strains are showing, even if current low levels of CPI inflation moderate immediate pressures.

4.18 In the light of this evidence, based on our assessment of recruitment and retention considerations alone, there is a case for a higher than 1% uplift to the national pay framework. This would strengthen the competitive position of the teaching profession, providing an important signal in an improving graduate labour market where starting pay elsewhere saw annual increases of between 2% and 4% in 2015. It would also provide headroom for schools to pay higher salaries to retain good teachers, and respond where required to local labour market conditions.

4.19 However, our remit letter requires us to take account of other considerations in addition to recruitment and retention. We were particularly mindful of the need to ensure our recommendations were affordable at school level and not difficult or onerous to implement. The Secretary of State was adamant that there will be no additional funding so the labour market case for a higher uplift needs to be balanced against our serious concerns about the readiness of schools, this year, to manage the budgetary consequences.

4.20 Without additional funding, schools would need to manage their budgets to balance competing pressures, including the need to offer higher salaries to recruit or retain good teachers. As we have made clear in previous reports, increases to the minima and maxima of the pay ranges within the national pay framework need not automatically translate into the same level of uplift to all salaries. To make best use of budgets in these circumstances, schools will need pay policies which enable them to make differentiated pay awards, where justified by performance or market conditions.

4.21 However, the evidence we have heard suggests many schools are not yet confident using the pay flexibilities now available to help them develop targeted responses to their particular circumstances. Use of generic pay policies (including reference points) remains widespread and schools have some way to go in establishing pay policies which provide a robust basis for differentiation based on performance, or targeted pay responses to particular recruitment or retention pressures.

4.22 As an illustration of this, we noted that consultees reported difficulties in operating a differentiated uplift following our recommendation last year for a 2% uplift at the maximum of the main pay range. They asked us not to make a similarly differentiated award this year, reinforcing our concerns that schools could find it difficult this year to make the local decisions which would be required in response to an uplift to the pay framework in excess of 1%. In particular, it is clear schools would struggle to put in place appropriate pay policies in time to make differentiated individual awards this autumn.

4.23 Taking all of these factors into account, and balancing the risks to recruitment and retention against the importance of giving schools time to plan for a higher uplift, we judge there would be significant risks associated with a recommendation this year for an uplift of more than 1% to all the pay ranges.

4.24 However, if current recruitment and retention trends continue, we expect an uplift to the pay framework significantly higher than 1% will be required in the course of this Parliament to ensure an adequate supply of good teachers for schools in England and Wales. Accordingly, we recommend the Department, and our consultees, take steps to help schools prepare for such an eventuality. Given the budgetary context, this will require that school leaders and governing bodies are confident in both managing their
workforce and in setting pay policies which enable differentiated performance-based awards to individuals, such that teachers and leaders can be appropriately rewarded within the available budget.

**Targeting**

4.25 In addition to adjustments to the pay ranges, like other review bodies, we were asked to consider targeting particular parts of the pay framework to address recruitment and retention pressures. We explored with consultees whether an uplift might be targeted, for example, on geographical areas and/or particular subjects, but received no support for such proposals. The Secretary of State was also strongly of the view that schools were best placed to undertake any targeting to address their particular needs.

4.26 Schools can already target locally, including by offering higher starting salaries, faster progression where merited, and other recruitment and retention incentives. Given this flexibility and that schools themselves have the best information to assess local needs and create appropriate pay policies, we conclude any targeting is best done at school level.

4.27 The NUT proposed a flat cash increase, which would effectively target those on lower salaries. However, in the light of the evidence we heard on affordability at school level, we consider that only a modest award could be made without a damaging impact on school budgets. Such an award is likely to be poorly received by the profession and might send the wrong signal to more experienced teachers, whose retention is so important to improving pupil outcomes.

**Our recommendations**

4.28 Our view is that recruitment and retention evidence alone suggests a strong case for an uplift to the national pay framework for teachers in excess of 1%. However, we have serious concerns about schools’ readiness this year to manage higher awards within their budgets. In the light of these concerns, our recommendation for September 2016 is for a 1% uplift to the minima and the maxima of all classroom teacher and leadership pay ranges in the national pay framework, and to classroom teacher allowances (TLRs and SEN). We make clear that, if recruitment and retention pressures continue at current levels, we expect an uplift significantly higher than 1% will be required in the course of this Parliament to ensure the teacher pay framework remains competitive. The Department, and consultees, should take steps now to help schools to prepare for managing pay awards when this happens.

**Implementation of our recommendations**

4.29 We have made clear in recent reports that it is for individual schools to consider how changes to the national pay framework should apply to individual salaries and allowances in payment, in accordance with their pay policies. These should set out how the school will take account of changes to the minima and maxima of the pay ranges and allowances in making individual pay awards and adjusting individual pay ranges (i.e. for leading practitioners and school leaders). As we have previously commented, good teachers should expect to reach the maximum of the main pay range in around five years, and exceptional teachers should progress faster.

4.30 We noted consultees’ preference for the restoration of reference points (either in the STPCD itself or in national guidance). Schools urgently need to respond to local conditions by using pay flexibilities, including developing pay policies which help them recruit and retain in a competitive labour market. Our view is that the definition and use of nationally set reference points would inhibit this.
CHAPTER 5

Other remit matters

5.1 We summarise the evidence from the Department and consultees before setting out our recommendations on each of the following remit matters:

- additional flexibilities and incentives to recognise performance;
- salary advance for rental deposits; and
- registration fee for the Welsh Education Workforce Council.

Additional flexibilities and incentives to recognise performance

The Department’s proposals

5.2 The Department said it believed that now the recent pay reforms were becoming embedded in schools, it was an opportune moment for the STRB to reflect on the changes and consider introducing further flexibility in order for schools to use their resources and to reward performance. Following intelligence-gathering visits to schools and local authorities the Department proposed two additional flexibilities: non-consolidated payments to recognise performance, and the ability for teachers to step down from the upper pay range (UPR) to the main pay range (MPR). We consider the evidence for these proposals in turn.

(i) Non-consolidated payments

5.3 The Department said that many academies use non-consolidated payments and that anecdotal feedback found them to be very popular with teachers. It said such payments were also used elsewhere in the public sector and stated that, with the sharper focus on reward and progression being linked to performance, and the need for schools to be more creative to get the best value from their budgets, most head teachers it had spoken to had questioned why such payments were not allowed under the STPCD. It said head teachers had suggested it was particularly relevant regarding the rewarding of performance for those at the top of their pay range where progression was not possible. The Department suggested that enabling schools to make discretionary non-consolidated payments to recognise exceptional performance could have a strong impact on both motivation and retention and would enable maintained schools better to compete with academies in the wider labour market.

5.4 The Department said the Review Body should consider non-consolidated payments within the overall average 1% pay envelope, as well as the interaction of non-consolidated allowances with salary and consolidated allowance awards and the trade-offs needed between them to remain within the 1% envelope. In oral evidence the Secretary of State said she saw no need to set a cap on such payments as this would cut across school autonomy.

Consultees’ views

5.5 Most consultees were opposed to the notion of introducing non-consolidated payments, with some expressing concern that they would lead to an unfair system that lacked transparency and others suggesting that current provisions were sufficient. The joint statement from the six unions said they were all opposed to their introduction under the existing structure as they might be used in place of consolidated payments. In individual
supplementary submissions NASUWT and NUT questioned the DfE’s evidence that schools wanted these payments, and both ATL and NUT challenged the Department’s statement that “the link between appraisal and pay is accepted”\(^1\).

5.6 NASUWT opposed any change which would lead to a ‘bonus culture’ saying it would militate against teacher collaboration and team working, and referred to the STRB’s decision in the 23rd report, published in 2014, not to recommend non-consolidated payments. It said that non-consolidated payments were potentially divisive among teachers.

5.7 Both head teacher unions expressed reservations about non-consolidated payments if they were used in place of consolidated payments. NAHT was concerned that such payments might worsen the situation for those schools less able to afford them, who might then be unable to compete to attract and retain teachers. It also pointed out that such payments did not contribute to a teacher’s pension.

5.8 ASCL was very cautious about the use of non-consolidated payments and said there would need to be clarity that such payments should be introduced only in addition to the performance-related pay process and not used instead of consolidated performance pay progression. It saw some merit in their use for those at the top of their pay range where no alternative option for reward existed, and suggested they could be offered as a proportion of salary, with a cap included in the STPCD.

5.9 NEOST reported that the majority of local authorities did not support the use of non-consolidated payments. The minority who did expressed a caveat that such payments should only be used where individuals were at the top of their pay range and there was no opportunity for further progression. Some local authorities had suggested the absence of such payments from the pay framework had led to the misuse of retention payments and believed that allowing non-consolidated payments would provide for a more ‘honest’ approach. NEOST said that if non-consolidated payments were introduced, they should be accompanied by clear and firm guidance from the Department, including the criteria to be applied, as well as some sort of a cap.

5.10 NGA was the only consultee to endorse this proposal. It said non-consolidated payments could potentially make it cheaper to reward good or exceptional performance and could be used to reward head teachers at the top of their pay range, where there was no scope to review their overall salary unless there had been a significant change of responsibilities.

Our conclusions and recommendations

5.11 We considered both the case for the use of non-consolidated payments to reward performance for those at the top of the upper pay range and no longer eligible for performance-related progression, and the case for their use more generally to reward excellent performance. In relation to those at the top of the upper pay range, we note that in recent years nearly 30% of classroom teachers have been in this position\(^2\). Unless such teachers take on the additional responsibilities, rewarded by TLR payments, or are promoted into leadership posts, they may spend a lengthy period of their teaching career at the top of the pay range with only limited additional reward through pay increases linked to uplifts to the pay framework. We can see some merit in principle in the use of non-consolidated payments to reward and help motivate teachers in this position.

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\(^1\) DfE, Government evidence to the STRB The 2016 pay award, December 2015 paragraph 44.
\(^2\) OME analysis of DfE school workforce data.
5.12 We noted that non-consolidated payments are widely used as part of other organisations’ reward systems. Against this background, a case can be made for the use of non-consolidated payments at other career stages (i.e. not only for those on the maximum of their pay range) as this would provide schools with an additional tool to compete in the wider teacher labour market. However, there would need to be clarity on how such payments sat alongside current arrangements for performance-related progression.

5.13 As we have noted elsewhere in this report, many schools are still gaining confidence in making differentiated performance-based progression awards. The introduction of non-consolidated awards at this stage could detract from their ability to embed recent changes. We were also mindful of consultees’ concerns that, in times of tight budgets, such payments might be used to avoid rather than supplement payment of progression awards. As we made clear in Chapter 4, our view is that pay progression is a crucial tool for schools in rewarding and retaining good teachers. We also noted that the head teacher unions expressed reservations about the introduction of non-consolidated payments at present, reinforcing our concern that the time is not right for such a change. Finally, we acknowledge the risk of perceptions of unfairness and the importance of transparency, if non-consolidated payments were to be introduced. On this point we would regard it as essential to ensure a proper governance framework for such payments, with high level oversight and accountability resting with the governing body.

5.14 We conclude that it is desirable for recent changes to the pay system to bed down before considering the use of non-consolidated payments further. In particular, we would want to be assured that schools were using the existing flexibilities with confidence and with suitably robust governance oversight. We comment in Chapter 6 on the need to help schools develop pay policies which support the effective use of pay flexibilities.

5.15 Accordingly, we recommend there should at present be no change to the STPCD in relation to non-consolidated payments.

(ii) Stepping down from the upper pay range

5.16 There are three pay ranges for qualified classroom teachers: the main pay range (MPR), the upper pay range (UPR) and the leading practitioner pay range. Qualified teachers start on the main pay range and, depending on performance, may progress to the upper pay range subject to meeting two criteria:

(a) that the teacher is highly competent in all elements of the relevant standards; and
(b) that the teacher’s achievements and contribution to an educational setting or settings are substantial and sustained.

Progression on the upper pay range is also subject to performance. Continued good performance, as defined by an individual school’s pay policy, should give a teacher an expectation of progression to the top of their respective pay range. The leading practitioner pay range is applicable only to specific posts which have the primary purpose of modelling and leading improvement of teaching skills. Teachers appointed to such posts are appointed to an individual pay range, with scope for performance-based progression within it.

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3 STPCD 2015 paragraph 15.2.
4 STPCD 2015 paragraph 19.2.e.
The Department’s proposals

5.17 The Department reported it had heard a consistent message from schools, local authorities and head teacher unions that they would welcome an additional flexibility to allow teachers paid on the UPR to revert voluntarily to the MPR, where the school and the individual teacher were in agreement. The Department had been told that often, after many years of performing and contributing at enhanced levels as expected of those on the UPR, some teachers would prefer to focus on their strengths as a classroom teacher. The Department believed this additional flexibility could help retain experienced teachers. It would also provide head teachers with a significant increase in flexibility over staffing budgets and greater parity with academies in terms of deployment and budget flexibilities. The Department pointed out that if an individual was within ten years of retirement, a decision to return to the MPR may not have a major effect on the teachers’ pension as it was based on the average of the best three years of pensionable pay in the last ten years.

5.18 In oral evidence the Secretary of State asserted that the responsibilities of teachers on the main and upper pay ranges were differentiated at individual school level in their pay policies, and were a matter for school autonomy. Consequently she saw no need to place detail on the responsibilities of UPR teachers in statute. She commented that the option to ‘step down’ might be welcomed by teachers who wanted less responsibility at their particular stage in life.

Consultees’ views

5.19 The joint union statement urged the STRB not to proceed with this proposal. NASUWT and NUT rejected it on the grounds that the statutory position did not permit ‘stepping down’ as the UPR reflects a standard of performance in classroom teaching, rather than a different role with additional responsibilities, the latter being compensated by allowances (e.g. TLRs and SEN payments). Teachers on both pay ranges were accountable for the same range of responsibilities. ATL opposed the proposal, believing it could lead to undue pressure being placed on teachers to step down by school leaders as a way of reducing staffing costs. It also noted that there would be a detrimental impact on pensions for all those teachers on the career average scheme. ATL, NASUWT and UCAC all highlighted the potential for age discrimination. In oral evidence NASUWT and NUT both said the UPR recognised a teacher’s knowledge and experience and that a wider contribution was not a separate role. They said TLRs should be paid for additional responsibilities.

5.20 Nor did the head teacher unions support a change at present. NAHT commented that the contractual position for teachers on both main and upper pay ranges was the same and suggested there was a need for clarity around the role of a UPR teacher, as it was known that many teachers on the UPR (particularly in primary schools) were being asked to take on additional responsibilities without being given a TLR payment (a point also made by UCAC and Voice). It said the UPR was a designated career path for teaching excellence for those who had no desire to take on management roles. Both NAHT and NASUWT drew attention to the potential negative impact on a teacher’s pension if they were to step down.

5.21 ASCL believed there was no need for such a provision with a well-embedded performance management system in place, although it recognised this option might be requested in some very exceptional cases. NGA made very similar points.
5.22 NEOST sought the flexibility to ‘step down’ but believed it was not a viable option under the current pay framework. It said there was a lack of understanding of the legal framework at school level and suggested the STRB seek a remit to re-consider this proposal alongside the necessary changes to the framework, once recent changes were embedded.

Our conclusions and recommendations

5.23 We have considered the current provisions in the STPCD in respect of teachers on the main and upper pay ranges. We noted in particular the inclusion of criteria for progression to the upper pay range but the lack of any similar basis for continuing expectations once teachers have progressed. We also noted that the statement of teachers’ professional responsibilities in the STPCD⁵ does not make any distinction between the responsibilities of teachers on the main and upper pay ranges. Neither is there any explicit reference in the teachers’ standards in England or the practising teacher standards in Wales, nor the relevant appraisal regulations. It is, though, clear that individual schools can set out in their pay policies their greater expectations of teachers paid on the upper pay range.

5.24 Consultees have made clear their view that any additional responsibilities for classroom teachers should be rewarded through TLR payments, with some suggesting that in smaller schools, particularly primary schools, UPR teachers were sometimes asked to take on additional responsibilities without the award of a TLR payment. The Department’s advice says that: “Schools should try to avoid confusing or conflating the criteria and factors for the award of TLR payments with the criteria for movement to the upper pay range both within the context of objective-setting and when making pay decisions.”⁶

5.25 We consider the current position on the respective responsibilities of main and upper pay range teachers lacks clarity at a national level and there is potential for a divergence of practice in schools. We are aware that many schools set out in their pay policies expectations that UPR teachers will, for example, lead on the development of teaching practice and coach and mentor NQTs. This can provide a sound basis for local objective setting, performance management and progression decisions. However, once a teacher has been assessed as meeting the criteria for progression to the UPR, there is nothing set out in the STPCD on further expectations of teachers on the range. That being the case, and in the absence of clear evidence on local practice, we have no basis for a recommendation on ‘stepping down’.

5.26 Accordingly, we recommend no change to the provisions in the STPCD on arrangements for upper pay range teachers. However, consideration of this issue has highlighted the need for greater clarity on the expectations of classroom teachers at different career stages, including the rationale for the main and upper pay ranges and associated expectations and responsibilities. This would best be done in the context of a broader review of the pay structure for classroom teachers, including allowances. We return to this in Chapter 6.

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⁵ STPCD 2015 paragraph 52.
⁶ DfE, Implementing your school’s approach to pay, September 2015, page 19.
**Salary advance for rental deposits**

**Background and context**

5.27 In October 2014 the Department for Communities and Local Government (DCLG) launched a rental deposit salary advance scheme designed to help employees with the costs associated with moving in the private rental sector. It works by allowing employees to apply for an advance of salary up to the cost of the rental deposit, which they then repay through payroll over a period of up to 12 months. Under HMRC rules, employees are able to borrow up to £10,000 tax free in a single tax year before there is any tax liability. The employer costs of such schemes are limited to any administrative processes and upfront payroll changes, as the advance itself is met entirely from the employee’s salary.

**The Department’s proposals**

5.28 The Department asked the STRB to consider extending the scheme to teachers, and in its written evidence asked it to determine whether the appropriate mechanism was to add it to the existing salary sacrifice arrangements set out in the STPCD, or to include it as a specific example of a financial incentive/benefit related to recruitment and retention. The Department later clarified that it was not the intention that the salary advance would be taken from gross salary (as it is with existing salary sacrifice arrangements); that it would be repaid through payroll; and that HMT had confirmed there would be no tax implications. It believed such a scheme would act as an additional recruitment incentive given that affordability of rental deposits can be a barrier to moving into some geographical areas, which presents recruitment challenges for some schools.

**Consultees’ views**

5.29 In response to the Department’s clarified proposal, all consultees accepted in principle the recommendation to extend provisions in the STPCD to include an advance of salary for rental deposits and considered there should be specific reference to such schemes in the STPCD. ASCL, NAHT and NEOST all said schools should retain discretion to participate in such a scheme, as some might find it unaffordable. ATL said a rental deposit scheme would be helpful to teachers moving areas to take up a teaching post and sought government guidance making clear that there would be an expectation that this would be made available upon accepting the post.

5.30 NASUWT saw no benefit if such a provision could be withheld from teachers at school level. NUT noted it was unclear how a rental deposit scheme would work and how it would be funded, but said it was willing to consider more detailed proposals. In oral evidence it confirmed it would prefer an externally-funded loan scheme with repayment periods of longer than 12 months. NEOST also suggested there could be some flexibility over the period of repayment, but wanted to understand the implications for employers. NGA had no objection in principle, but thought this would have only a marginal impact on recruitment and retention. The Welsh Government said there was no need for such a scheme in Wales, other than possibly in Cardiff in the future, but was not opposed to its introduction.
Our conclusions and recommendations

5.31 We recognise that there is already considerable scope within the STPCD for schools to offer payments or other financial assistance as a tool to aid recruitment and retention. Schools, can, if they wish, offer a salary advance for rental deposit now. We note, however, that the document and the accompanying statutory guidance do not make explicit the option for schools to make use of such schemes, and this may limit the extent to which schools consider their potential benefits or have confidence in their appropriateness.

5.32 We have heard general support from consultees for schools to offer a rental deposit scheme for recruitment or retention purposes. We also heard differing views on whether schools should be obliged to offer a scheme and whether such schemes should be made available to all teachers. We consider that, as with other recruitment and retention incentives and benefits, it should be a matter for individual schools in light of their particular circumstances. We note that in practice, where the local authority is the employer, it will need to agree implementation of such schemes. There will be a number of practical issues to consider, including how such a scheme could work in respect of new appointees, about to start work but not yet on payroll.

5.33 We recognise that schools would find it helpful to have clarification in the STPCD on the use of rental deposit schemes as a recruitment or retention incentive. Given the need to consider the practical issues involved in establishing and operating such schemes, we consider that the Department should provide detailed guidance on how they should be implemented.

5.34 We recommend that the Department include a section in the statutory guidance making clear that an advance of salary scheme for rental deposit is one of a number of tools that schools might consider for aiding recruitment or retention and provide detailed advice on the implementation of such schemes on the DfE web pages. We consider it would be helpful to set out other examples of assistance that might be offered, e.g. a season ticket loan for travel costs, a one-off payment such as a contribution to removal costs, or a time-limited allowance.

Registration fee for the Welsh Education Workforce Council

Background and context

5.35 The Education (Wales) Act 2014 reconfigured the General Teaching Council for Wales to create the Education Workforce Council (EWC). This new body’s remit includes responsibility for regulating the whole education workforce in Wales. The Act provides Welsh Ministers with powers to make regulations in relation to fees payable for registration with the EWC. From 1 April 2015, the EWC has been responsible for the registration and regulation of school teachers (including supply teachers) and Further Education (FE) teachers. From April 2016, school and FE learning support staff in Wales will also be required to register.

5.36 The EWC fee from April 2015 was £45. The STPCD 2015 made provision for school teachers in Wales to receive £33 from their employer towards the registration fee with the EWC. Teachers were required to pay the difference themselves (which in 2015 was therefore £12).

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7 There is no equivalent registration body for teachers in England.
8 STPCD 2015 paragraph 28.
5.37 Following formal consultation with the education profession in Wales, the Welsh Government agreed a new fee model that would redistribute the element of funding currently provided to employers (i.e. local authorities in Wales) towards school teachers' registration fees, to help reduce the cost of registration for the wider workforce. The new fee model would see funding paid directly to the EWC, rather than into individual practitioners’ pay and would result in a registration fee of £49 for the whole workforce, with teachers and FE teachers paying £45 (with a subsidy of £4) and school and FE support staff contributing £15 (with a subsidy of £34).

The Welsh Government’s proposals

5.38 The Welsh Government strongly believed that as registration and regulation of the education workforce in Wales was a devolved matter, it was for the Welsh Government to decide on funding arrangements. In the event that the subsidy was not removed from the STPCD prior to April 2016 (and the timing of our remit does not enable this: we were asked to report by the end of April), it would raise the registration fee for teachers to £78, so teachers’ actual contribution would remain at £45, as set out in the table below.

<table>
<thead>
<tr>
<th>Practitioner Group</th>
<th>Registration Fee</th>
<th>Subsidy</th>
<th>Actual Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Teachers</td>
<td>£78</td>
<td>£33</td>
<td>£45</td>
</tr>
<tr>
<td>FE Teachers</td>
<td>£49</td>
<td>£4</td>
<td>£45</td>
</tr>
<tr>
<td>School Learning Support Workers</td>
<td>£49</td>
<td>£34</td>
<td>£15</td>
</tr>
<tr>
<td>FE Learning Support Workers</td>
<td>£49</td>
<td>£34</td>
<td>£15</td>
</tr>
</tbody>
</table>

5.39 The Welsh Government explained that the £33 subsidy for teachers was currently included as an item within the Revenue Support Grant (RSG) provided to local authorities in Wales by the Welsh Government. Its removal as a statutory requirement on local authorities as employers would result in its removal from RSG. This sum could then be allocated wherever Welsh Ministers decided.

Consultees’ views

5.40 All the teacher unions were opposed to the Welsh Government’s proposal. The six unions said that as registration to the EWC was compulsory, the full fee should be reimbursed by the employer and fully funded by Government. ATL, NUT and UCAC believed this should be done through the STPCD. ASCL and NASUWT also argued for the full fee to be funded for teachers, although they said as an absolute minimum the existing £33 subsidy should be maintained as per the current STPCD. NASUWT pointed out that there was no guarantee that if the existing provision were removed from the STPCD, the funding would be provided as envisaged by the Welsh Government. NAHT opposed placing any additional financial burden on teachers in Wales, particularly at a time when some may not have even received a basic 1% pay uplift. UCAC believed the provision should remain in the STPCD until such time as teachers’ pay and conditions were devolved to the Welsh Government.

5.41 NEOST deferred to the Welsh Local Government Association (WLGA) on this proposal, which said it was a matter between central Government and the Welsh Government. However, the WLGA was clear that the fee should be removed from the STPCD; that any requirements on the relevant body or employing local authorities should be relinquished and that any additional burdens and costs be fully funded by the relevant government.

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9 Table is taken from the Welsh Government Supplementary Evidence to the STRB.
Our conclusions and recommendations

5.42 We have noted the strength of feeling from all the teacher unions that teachers’ registration fees should be fully funded, but we also recognise the Welsh Government’s argument that it should be able to decide on funding arrangements for the Education Workforce Council, as a devolved matter. It is not for the Review Body to recommend how the Welsh Government should subsidise the education workforce or set the EWC fee level. We therefore accept in principle that the provision on the Education Workforce Council fee allowance should be removed from the STPCD. However, the timing of our remit does not allow for us to report, and for the subsidy to be removed, and fees adjusted, prior to April 2016. Accordingly, the existing subsidy to teachers remains in place for now and we have assumed that the proposed fees for teachers in Wales, set out in the above table, will apply from April 2016.

5.43 Our chief concern is that, at this time, the current Welsh Government is not in a position to provide any assurances on the future fee structure, given the impending elections in Wales. This leaves some doubt as to whether school teachers would be treated less favourably than under the current proposal. In the absence of such assurances, we are not prepared at present to recommend the removal of the provision from the STPCD 2016.

5.44 If, following the Welsh elections, the Welsh Government was able to provide a commitment that the fee and subsidy levels for school teachers would be set at a level commensurate with that for FE teachers in Wales, we would not object to the removal of the relevant provision from the STPCD. Given our agreement to the principle that the subsidy level should be a matter for the Welsh Government, we consider that if it was able to provide appropriate assurance to the Secretary of State on the treatment of school teachers’ fees, she could agree to removal of the provision on the EWC fee allowance from the STPCD. We understand this could be done without further reference to the Review Body, as provided by section 125 of the Education Act 2002.

5.45 We recommend that there should, at present, be no amendment to the STPCD in respect of the Education Workforce Council fee allowance in 2016. We further recommend that, subject to the Welsh Government elected in May 2016 providing assurances to the Secretary of State that the fee level and subsidy for school teachers will be commensurate with that for FE teachers, the Secretary of State should, at the request of the Welsh Government, remove the relevant provision from the STPCD.
CHAPTER 6

Looking ahead

6.1 As we have made clear, schools will need to develop their pay policies to enable them to respond to an increasingly competitive labour market and significant wider developments in the sector. These include the impact on school funding of the Government’s spending decisions for this Parliament and the impending changes to the schools’ landscape as a consequence of its policy on academisation. Taken together, these changes reinforce the need for schools to make good use of their existing flexibility to tailor pay policies to meet local recruitment and retention needs.

6.2 On funding, the Government has made clear that schools will have to manage within a flat cash per pupil settlement, with pupil premium funding in addition for eligible pupils. It has also announced the introduction of a new funding formula from 2017/18 which will have a differential impact on individual schools. All schools will have to manage competing budget pressures effectively, including those relating to teacher pay. For the public sector as a whole, the Government has signalled a four year pay policy which seeks average increases of 1% focussed on addressing recruitment and retention pressures.

6.3 Our principal concern is the maintenance of a competitive pay framework that enables the teaching profession to attract high calibre graduates and retain experienced, able teachers and school leaders. Against the background of trends in the wider graduate labour market and current recruitment and retention evidence, we anticipate that a significantly higher than 1% uplift to the pay framework will be needed in the lifetime of this Parliament to secure this objective. Given the autonomy schools now have to manage pay, such an uplift to the pay framework need not automatically translate into the same level of uplift for all salaries and allowances in payment. Schools will need to manage within their budgets, balancing competing pressures including the need to recruit and retain good teachers. This will require pay policies which provide a robust basis for differentiation based on performance and targeted pay responses to address local recruitment and retention pressures. We are clear many schools do not yet have such pay policies and need help to develop these.

6.4 Schools will be managing in the context of the Government’s policy priorities set out in its White Paper, Educational Excellence Everywhere¹, published in March 2016. This makes clear its intention to have set all schools on the path to academisation by 2020, with the associated freedom to set their own pay and conditions of employment. In our view, such a policy goal reinforces the importance of helping schools make best use of pay flexibilities now available within the national pay framework for school teachers, as a stepping stone towards managing the freedoms they will have as academies.

6.5 Against the background of these challenges facing schools, we urge the Department to develop good practice guidance now to help them gain confidence in using flexibilities. Guidance should include case studies which demonstrate how schools can establish pay policies which enable them to make appropriate use of higher starting salaries, differentiated progression, and recruitment or retention incentives. It should illustrate the effective use of local benchmarking data in this context. Guidance should also reinforce the expectation that good teachers will progress to the maximum of the main pay scale within about five years.

6.6 This remit has brought into focus some issues faced by schools as they operate with greater autonomy within the national pay framework. In particular, we consider that the pay framework for classroom teachers would benefit from closer examination, including

¹ Educational Excellence Everywhere, DfE, 2016, HMSO, Cm 9230.
the rationale for the main and upper pay ranges; the purpose of allowances, particularly TLR payments; and how non-consolidated payments might sit alongside well-embedded performance-based progression arrangements. A future remit to examine these issues could help provide a firm foundation for schools to develop their pay policies as they move towards academy status.

6.7 Finally, we referred in Chapter 4 to the lack of evidence from evaluation of the recent pay reforms. Such evidence will be essential in enabling us to make a robust assessment of the extent to which recent reforms to the teachers’ pay framework are embedded in school pay policies and practice. We ask the Department to give priority to work to provide the necessary evidence base for our future consideration.
APPENDIX A

Remit and directions from the Secretary of State

Dr Patricia Rice
Chair of the School Teachers’ Review Body
8th floor, Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

7 October 2015

Dear Patricia,

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

I should first of all like to offer my thanks for the STRB’s work over the last year on its 25th report. From 1 September this year schools across England and Wales will have been implementing their new pay policies based on the recommendations of that report.

You will be aware that the Government’s policy for public sector pay in 2016-17, as set out in the Chancellor’s Summer Budget of 8 July 2015, is for an average award of 1%.

I also understand that the Chief Secretary to the Treasury wrote to you and all other Pay Review Body Chairs on 19 August 2015 to set out the Government’s approach to public sector pay, emphasising the expectation that pay awards should be applied in a targeted manner to support the delivery of public services and to address recruitment and retention pressures. The Chief Secretary’s letter also stated that this may mean that some staff could receive more than 1% while others could receive less, but that there should not be an expectation that every employee will receive a 1% award. You will appreciate that this is very much in line with the approach that you adopted in your last report.

I should now like to ask for your recommendations on how to apply the pay award in 2016-17. 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; progression pay; the modernisation of terms and conditions; 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 and will contend that the recent pay reforms mean that schools are now best placed to decide how pay awards can be targeted to meet their specific local recruitment and retention needs.

I should also welcome any reflections you may wish to make on the changes that have been introduced over the last three years and whether you consider that there are any additional flexibilities that could be introduced to support schools, such as allowing teachers to move down from the upper pay range to the main pay range and the possibility of non-consolidated payments.

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 July 2015 that public sector pay awards in 2016-17 should be 1% on average and focused on addressing recruitment and retention pressures;

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 matters for recommendation:

- What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention within an average pay award of 1%.
• What adjustments, if any, should be made to the pay and conditions framework to provide additional flexibilities for schools and incentives to recognise performance.

• Whether the existing salary sacrifice arrangements should be extended to provide scope for a salary advance scheme for rental deposits.

• What changes to the Document may be appropriate following the introduction of new registration fee arrangements to finance the Welsh Education Workforce Council (EWC).

I should be grateful if the STRB could aim to provide a report on this matter before the end of April 2016. I look forward to receiving your recommendations on the 2016 pay award.

Nicky Morgan

RT HON NICKY MORGAN MP
APPENDIX B

Letter from the Chief Secretary to the Treasury

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

Jerry Cope (NHSPRB); Paul Curran (DDR0); Peter Knight (Prison Services RB); David Lebrecht (Police/NCA PRB); Martin Read (SSRB); Patricia Rice (STRB); John Steele (APPRB)

c/o Office of Manpower Economics
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

19th August 2015

Dear Jerry, Paul, Peter, David, Martin, Patricia and John,

PUBLIC SECTOR PAY 2016-17

Thank you for your work on the 2015-16 pay round. It is clear to me that the pay review bodies play an invaluable role in making independent, evidence-based recommendations on public sector pay, as well as providing expert advice and oversight in relation to wider reforms to pay policy and allowances. I am grateful to you and your colleagues for the careful thought you give to this work, and look forward to receiving your advice and recommendations during the 2016-17 pay round and beyond.

2. Savings from public sector pay and workforce reform made a significant contribution to reducing the deficit over the course of the last Parliament, saving around £8bn. The new government’s Summer Budget last month set out that a further £20 billion of consolidation in public sector spending will be required to deliver a surplus by 2019-20. Whilst the deficit and debt are being reduced, the government will need to continue to ensure restraint in public sector pay. Without
such restraint, reductions would need to come from other areas of spend, resulting in negative impacts on public services and jobs. At a time of difficult decisions, the government’s pay policy will help to protect the jobs of thousands of front line public sector workers.

3. As you will have seen, the government announced at Budget it will fund public sector workforces for a pay award of 1% a year for four years from 2016-17. The government expects pay awards to be applied in a targeted manner to support the delivery of public services, and to address recruitment and retention pressures. This may mean that some workers could receive more than 1% while others could receive less; there should not be an expectation that every worker will receive a 1% award. The relevant departments will submit in their evidence to you proposals covering the needs of their different workforces.

4. The Budget also set out that the government will continue to examine pay reforms and modernise the terms and conditions of public sector workers. This will include a renewed focus on progression pay, and considering legislation where necessary to achieve the government’s objectives. Over the course of the Parliament, I look forward to the pay review bodies playing an important role in advising the government on how best to achieve pay reforms.

5. The relevant Secretaries of State will write to you shortly with a detailed remit covering these points and I look forward to receiving your recommendations.

with best wishes,

GREG HANDS
APPENDIX C

Conduct of the review

C1. The Secretary of State for Education, the Rt Hon Nicky Morgan MP, in her remit letter of 7 October 2015 (reproduced at Appendix A) asked us to consider:

- What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention within an average pay award of 1%.
- What adjustments, if any, should be made to the pay and conditions framework to provide additional flexibilities for schools and incentives to recognise performance.
- Whether the existing salary sacrifice arrangements should be extended to provide scope for a salary advance scheme for rental deposits.
- What changes to the Document may be appropriate following the introduction of new registration fee arrangements to finance the Welsh Education Workforce Council (EWC).

C2. The Secretary of State asked us to report on these matters before the end of April 2016. She 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 19 August 2015 to all Review Body Chairs (reproduced at Appendix B) on recruitment and retention issues, progression pay; the modernisation of terms and conditions; and the continued need for pay restraint.

C3. We considered a wide range of evidence, the main points of which are summarised in the body of this report. Below are details of the statutory consultation we undertook and the visits and meetings which informed our broad understanding of the issues.

Consultation

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

**Government**
- Department for Education (DfE)
- Welsh Government

**Organisations representing teachers**
- Association of School and College Leaders (ASCL)
- Association of Teachers and Lecturers (ATL)
- British Association of Teachers of the Deaf (BATOD)
- National Association of Head Teachers (NAHT)
- 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. We also notified the following organisations of the remit:

- Association of Directors of Children’s Services (ADCS)
- Association of Directors of Education in Wales (ADEV)
- 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
- Education Workforce Council (Wales)
- Her Majesty’s Inspectorate for Education and Training in Wales (Estyn)
- Freedom and Autonomy for Schools – National Association (FASNA)
- Free Churches Education Committee
- Information for School and College Governors (ISCG)
- Methodist Independent Schools Trust
- Office for Standards in Education, Children’s Services and Skills (Ofsted)
- SSAT (The Schools Network) Ltd

C6. Our secretariat invited responses in writing by 27 November 2015 and asked consultees to copy their submissions to other consultees, giving them an opportunity to comment on others’ submissions.

C7. The following consultees made written submissions: ASCL\(^1\), ATL\(^2\), DfE\(^3\), NAHT\(^4\), NASUWT\(^5\), NEOST\(^6\), NGA\(^7\), NUT\(^8\), UCAC\(^9\), Voice\(^10\) and the Welsh Government\(^11\).

C8. ASCL\(^12\), ATL\(^13\), NAHT\(^14\), NASUWT\(^15\), NUT\(^16\), UCAC\(^17\) and the Welsh Government\(^18\) each provided a supplementary submission commenting on other consultees’ submissions. In addition six teacher unions (ASCL, ATL, NAHT, NUT, UCAC and Voice) submitted a joint statement\(^19\).

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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 made individual representations at meetings in February 2016.

Visits and Meetings

C10. In total, we held 19 meetings of the Review Body between 9 October 2015 and 22 April 2016. Four of these meetings were to hear oral representations from consultees.

C11. In considering this remit, we took account of conversations held with teachers, school leaders and local authority officials during recent visits, including this year to Greenwich, Kent and Sheffield. We visited four primary schools and four secondary schools, including academies and maintained schools, a faith school, members of a Multi Academy Trust and members of a Teaching School Alliance.

C12. In Sheffield members also had discussions with Professor Sam Twiselton, Director, and Sean Cavan, Head of Strategic Business Engagement, at Sheffield Institute for Education, Sheffield Hallam University.

C13. The Chair, Dr Patricia Rice, had an introductory meeting with the Minister of State for Schools and held a video-conference with Dr Brett Pugh, Group Director for School Standards and Workforce in the Welsh Government in September 2015. She attended a meeting for Review Body Chairs held by the Chief Secretary to the Treasury in July 2015 and a presentation by HMT for Review Body Chairs and Economists in September 2015.

C14. We received presentations relevant to the remit including from Toby Greany, Professor of Leadership and Innovation at the UCL Institute of Education in April 2015, and from Marcus Bell, Director of Teachers and Teaching and Elin Jones, DfE, and Sinead O’Sullivan, NCTL in October 2015. We also heard from NCTL officials about the Talented Leaders Programme in November 2015. Three National Leaders of Education (NLEs20) and four National Leaders of Governance (NLGs21) attended a meeting in November 2015 to discuss recruitment and retention, pay and performance management.

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20 NLEs are outstanding serving headteachers with at least 3 years’ headship experience whose school has been judged as outstanding by Ofsted; shown consistently high levels of pupil performance and progress or continued improvement over the last 3 years; is above the current minimum standards set by the government; and has outstanding senior and middle leaders who have demonstrated that they have a strong track record and the capacity to provide significant support to under-performing schools.

21 NLGs are experienced chair of governors with excellent leadership skills; a track record of raising school or academy performance in at least one school; the skills to influence improvement by supporting or challenging head teachers or principals and a track record of implementing and sustaining effective governance in at least one school.
### Classroom Teachers’ pay levels – England and Wales excluding the London area

<table>
<thead>
<tr>
<th>Pay Range</th>
<th>Current pay range (£pa)</th>
<th>September 2016</th>
<th>Recommended pay range (£pa)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unqualified Teacher</strong></td>
<td>Minimum: 16,298</td>
<td>16,461</td>
<td>Maximum: 25,776</td>
</tr>
<tr>
<td><strong>Main Pay Range</strong></td>
<td>Minimum: 22,244</td>
<td>22,467</td>
<td>Maximum: 32,831</td>
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<tr>
<td><strong>Upper Pay Range</strong></td>
<td>Minimum: 35,218</td>
<td>35,571</td>
<td>Maximum: 38,571</td>
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<tr>
<td><strong>Leading Practitioner</strong></td>
<td>Minimum: 38,598</td>
<td>38,984</td>
<td>Maximum: 58,677</td>
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### Classroom Teachers’ pay levels – Fringe area

<table>
<thead>
<tr>
<th>Pay Range</th>
<th>Current pay range (£pa)</th>
<th>September 2016</th>
<th>Recommended pay range (£pa)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unqualified Teacher</strong></td>
<td>Minimum: 17,368</td>
<td>17,542</td>
<td>Maximum: 26,843</td>
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<td><strong>Main Pay Range</strong></td>
<td>Minimum: 23,313</td>
<td>23,547</td>
<td>Maximum: 33,909</td>
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<td><strong>Upper Pay Range</strong></td>
<td>Minimum: 36,287</td>
<td>36,650</td>
<td>Maximum: 38,941</td>
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<td><strong>Leading Practitioner</strong></td>
<td>Minimum: 39,660</td>
<td>40,057</td>
<td>Maximum: 59,743</td>
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### Classroom Teachers’ pay levels – Outer London area

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<th>Current pay range</th>
<th>Recommended September 2016</th>
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<tr>
<td><strong>Unqualified Teacher Pay Range</strong></td>
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<tr>
<td>Minimum</td>
<td>19,359</td>
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<tr>
<td>Maximum</td>
<td>28,841</td>
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</table>

**Main Pay Range**
- Minimum: 25,880
- Maximum: 36,540

**Upper Pay Range**
- Minimum: 38,739
- Maximum: 41,660

**Leading Practitioner Pay Range**
- Minimum: 41,660
- Maximum: 61,743

### Classroom Teachers’ pay levels – Inner London area

<table>
<thead>
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<th>Current pay range</th>
<th>Recommended September 2016</th>
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<tr>
<td><strong>Unqualified Teacher Pay Range</strong></td>
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<tr>
<td>Minimum</td>
<td>20,496</td>
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<tr>
<td>Maximum</td>
<td>29,970</td>
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**Main Pay Range**
- Minimum: 27,819
- Maximum: 37,862

**Upper Pay Range**
- Minimum: 42,756
- Maximum: 46,365

**Leading Practitioner Pay Range**
- Minimum: 45,891
- Maximum: 65,978
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<th>Allowance Type</th>
<th>Current range</th>
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<td><strong>Classroom Teachers’ Allowance Levels</strong></td>
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<td>Teaching and Learning Responsibility (TLR) payment 3 (Fixed term)</td>
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<tr>
<td>Minimum</td>
<td>517</td>
<td>523</td>
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<td>Maximum</td>
<td>2,577</td>
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<td>Maximum</td>
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<td>Maximum</td>
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<td>Maximum</td>
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<td>Broad Bands for Head Teachers</td>
<td>Leadership Minimum</td>
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<td>-------------------------------</td>
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<tr>
<td></td>
<td>£pa</td>
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<td></td>
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<td></td>
<td>Leadership Team</td>
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<td>Recommended</td>
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<td>Pay Levels</td>
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<td>– England and Wales excluding the London area</td>
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<tr>
<td></td>
<td>– Fringe area</td>
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<tr>
<td>Leadership Minimum¹</td>
<td>38,598</td>
<td>38,984</td>
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<tr>
<td>1</td>
<td>43,665 – 58,096</td>
<td>44,102 – 58,677</td>
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<tr>
<td>2</td>
<td>45,876 – 62,521</td>
<td>46,335 – 63,147</td>
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<td>3</td>
<td>49,481 – 67,290</td>
<td>49,976 – 67,963</td>
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<td>4</td>
<td>53,180 – 72,419</td>
<td>53,712 – 73,144</td>
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<tr>
<td>5</td>
<td>58,677 – 79,872</td>
<td>59,264 – 80,671</td>
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<tr>
<td>6</td>
<td>63,147 – 88,102</td>
<td>63,779 – 88,984</td>
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<td>7</td>
<td>67,963 – 97,128</td>
<td>68,643 – 98,100</td>
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<td>8</td>
<td>74,958 – 107,210</td>
<td>75,708 – 108,283</td>
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</table>

¹ Minimum for Deputy and Assistant Head Teachers only.
### Leadership Team Pay Levels – Outer London area

<table>
<thead>
<tr>
<th>Broad Bands for Head Teachers</th>
<th>Current salary range</th>
<th>Recommended September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£pa</td>
<td>£pa</td>
</tr>
<tr>
<td>Leadership Minimum¹</td>
<td>41,660</td>
<td>47,195 – 61,743</td>
</tr>
<tr>
<td>1</td>
<td>46,727 – 61,131</td>
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<td>3</td>
<td>52,540 – 70,321</td>
<td>56,801 – 76,205</td>
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<td>4</td>
<td>56,238 – 75,450</td>
<td>62,361 – 83,738</td>
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<td>5</td>
<td>61,743 – 82,908</td>
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<td>6</td>
<td>66,213 – 91,134</td>
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<td>71,025 – 100,159</td>
<td>78,802 – 111,346</td>
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<td>8</td>
<td>78,021 – 110,243</td>
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</table>

¹ Minimum for Deputy and Assistant Head Teachers only.

### Leadership Team Pay Levels – Inner London area

<table>
<thead>
<tr>
<th>Broad Bands for Head Teachers</th>
<th>Current salary range</th>
<th>Recommended September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£pa</td>
<td>£pa</td>
</tr>
<tr>
<td>Leadership Minimum¹</td>
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<td>51,476 – 65,978</td>
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<tr>
<td>1</td>
<td>50,966 – 65,324</td>
<td>53,709 – 70,448</td>
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<td>2</td>
<td>53,177 – 69,750</td>
<td>57,344 – 75,264</td>
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<td>3</td>
<td>56,776 – 74,518</td>
<td>61,084 – 80,439</td>
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<td>4</td>
<td>60,479 – 79,642</td>
<td>66,638 – 87,973</td>
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<tr>
<td>5</td>
<td>65,978 – 87,101</td>
<td>71,153 – 96,284</td>
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<tr>
<td>6</td>
<td>70,448 – 95,330</td>
<td>76,017 – 105,397</td>
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<td>7</td>
<td>75,264 – 104,353</td>
<td>83,079 – 115,582</td>
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<td>8</td>
<td>82,256 – 114,437</td>
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</tbody>
</table>

¹ Minimum for Deputy and Assistant Head Teachers only.