Department for Education

Government evidence to the STRB

The 2015 pay award

October 2014

Contents

Table of figures

Introduction

1. The Secretary of State wrote to Dr Patricia Rice, the Chair of the School Teachers' Review Body (STRB), on 10 September, asking for the STRB's recommendations on the September 2015 pay award.

2. Given the government's policy that public sector pay awards should average up to 1% in 2015-16, the Secretary of State has asked the STRB to recommend how that pay award should be applied for teachers in September 2015.

3. The Secretary of State emphasised that there remains a strong case for continued pay restraint and that the STRB should take into account the affordability of any recommendations within the existing budgets of individual schools. She has asked for a recommendation on:

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

4. This document provides the Secretary of State's evidence to support the STRB's consideration of how the 2015 pay award should apply to teachers and school leaders. It includes evidence on the teacher labour market, based on the latest recruitment and retention data, and on the continued need for pay restraint in the public sector.

The case for pay restraint at the national level

5. The government's economic strategy, set out in the June Budget 2010, is designed to protect the economy through the period of global uncertainty and support the process of recovery. This strategy is restoring the public finances to a sustainable path and the deficit is forecast to be halved by the end of 2014-15. The UK is seen as a relative safe haven, with low market interest rates helping keep interest payments lower for households, businesses and the taxpayer. This strategy has helped the government equip the UK to compete in the global race.

6. The UK economy is now on the path of recovery with positive growth since the second quarter of 2013. The UK economy grew by 0.8% in each quarter of 2014 and the Office for Budget Responsibility (OBR) forecast the UK economy to grow by 2.7% in 2014.

7. The government remains committed to reducing the deficit and addressing the permanent structural deterioration in the public finances caused by the lasting impact of the financial crisis. Implementation of the fiscal consolidation plans is well underway. By the end of 2013-14, around 70% of the annual fiscal consolidation planned for the Spending Review 2010 period had been achieved, with around 65% of the spending and all of the tax consolidation in place. 80% of the total consolidation in 2015-16 is expected to be delivered through lower spending.

8. While a significant amount of fiscal consolidation has already been achieved, the deficit and debt remain at unsustainable levels. The public sector net debt is forecast to continue to rise this year and reach its peak in 2015-16. Despite the positive economic growth, significant risks remain to the structural position of the public finances. These include risks from external economic shocks (including ongoing weakness in the Euro area; financial instability in the emerging markets; the situation in Russia and Ukraine) and weak receipts growth due to slow earnings growth (affected by low pick-up in productivity as well as a shift in the employment pattern towards more self-employed).

9. The OBR forecast inflation of 1.9% in 2014 and 2.0% in 2015 and forecast it to continue to remain at target in 2016. The Bank of England's latest inflation forecast, published in the August *Inflation Report*, is little changed compared to the May report. The Monetary Policy Committee (MPC) expect inflation to be about 1.8% from the fourth quarter of 2014 onwards.

10. Labour market figures continued to strengthen in the first half of 2014. The OBR expects employment to continue to rise over the forecast period, although with slower growth than that seen over 2013. The unemployment rate has fallen by 0.9 percentage points since the end of 2013 and is now 6.4% down from the peak of 8.4% in the final quarter of 2011. Wage growth

remains weak, with regular pay growth slowing to 0.6% in the second quarter of 2014 compared to the same period last year. While private sector pay growth has recovered somewhat from its large decline in 2009, it is growing at only about 1-2% per annum compared with the pre-recession trend of about 4%.

11. Public sector pay restraint has been a key part of the fiscal consolidation so far. The Budget 2013 announced that public sector pay awards in 2015/16 will be limited to an average of up to 1%.

12. Further detailed evidence about the state of the economy and the labour market in England and Wales is provided in Annex A.

Affordability in schools

13. The government has prioritised investment in education as one of our measures to drive long-term economic growth.

14. The overall schools' budget in England continues to be protected and will stay at the same level on a per pupil basis until the end of this spending review period (including in 2015-16) and will rise as the pupil population grows. The pupil premium is additional to this. In 2014/15 Dedicated Schools Grant allocations, before recoupment of funding for academies, total £38.735 billion. The pupil premium is an additional £2.5 billion.

15. Individual school budgets vary from year to year due to changes in local funding formulae. To protect schools from significant reductions, in England we have put in place a Minimum Funding Guarantee to the end of this spending review period (including in 2015-16). This ensures that most schools will not experience a reduction to their budgets of more than 1.5% per pupil (excluding sixth form funding) compared to the previous year and before the pupil premium is added. The government has acknowledged that the current system for funding schools is unfair and out of date and that there needs to be a fairer, more transparent, funding system that will give pupils greater choice over where they go to school.

16. As a significant step towards a national funding formula we are allocating an additional £390m (on top of flat cash per pupil) to the least fairly funded local authorities in 2015-16. We are allocating the funding by setting minimum funding levels that a local authority should receive for each of its pupils and schools. Detail of this additional funding is available on GOV.UK.

17. In Wales the education budget in 2014/15 was approximately £2.63 billion, of which £2.278 billion was in the schools budget and £352 million was in the LEA budget. The funding delegated to schools in 2014/15 was £2.095 billion.

18. Following the recommendations of the STRB's 24th report, the minima and maxima of all the pay ranges and allowances were uplifted by 1%.

19. The teacher pay bill for publicly funded schools in England and Wales is projected to be approximately £23.1 billion[1] in the 2014/15 academic year. Without any pay award, the teacher pay bill is projected to increase by approximately £700 million to £23.8 billion in 2015/16. This is mainly due to increased pension contributions and a projected increase in the workforce size.

[1] All pay bill figures in this section include teachers in academies, who are not bound by the statutory requirements of the School Teachers' Pay and Conditions Document (STPCD).

20. A flat 1% pay uplift awarded to all salaries and relevant allowances in 2015/16 is estimated to cost a further £220 million, resulting in an estimated total pay bill of £24 billion. The costs of the 2015 pay award will need to be met from within school budgets. This makes affordability a key consideration for this remit.

21. Subject to the outcome of consultation on revised arrangements for teachers' pay as a result of the STRB's next report, a revised School Teachers' Pay and Conditions Document (STPCD) will be implemented from September 2015.

22. Further evidence about affordability in schools is provided in Annex B.

Maintaining a supply of high quality teachers and leaders

23. The importance of high quality teachers and school leaders cannot be overstated. The teacher labour market remains strong. Teaching continues to be an attractive profession for high quality graduates, with the proportion of new entrants with a 2:1 or above increasing each year.

24. The number of full time equivalent (FTE) teachers has increased by 4.7% between 2011 and 2013. The majority of the increase was in the primary sector, in part due to the growing number of younger pupils. Teacher vacancies continue to be low and the quality of graduates entering the profession is increasing. The proportion of graduate recruits to teaching with degree classifications of 2:1 or higher continues to increase – 74% in 2013/14, up from 62% in 2010/11 and 55% in 2002/03. One in six teacher trainees now has a first-class degree (16%) – up from 14% last year and 10% in 2010/11.

25. Provisional data from the Initial Teacher Training (ITT) Census indicates that those subjects that attract the new higher level of bursaries – maths, physics, chemistry and modern languages – showed the highest increases in the recruitment of trainees who held a 2:1 or above.

26. The recommendations in the STRB's 21st report gave schools the flexibility to establish reward packages that will attract and retain the best teachers. We are also giving schools the opportunity to recruit and train graduates for teaching careers, giving them an even greater degree of influence over the teacher labour market.

27. In 2013/14, 850 lead schools trained 6,580 teachers through School Direct. Over 17,700 places have been requested for 2014/15. Early indications suggest that over 90% of the 2012/13 cohort have found jobs as teachers, with over half being employed within the School Direct partnership in which they trained.

28. Some of the best schools are now taking an even greater role in ITT. School-centred ITT (SCITT) providers take on full responsibility for the design and delivery of training. There are now 115 accredited ITT providers which are school-led.

29. We are also providing additional support for the Teach First programme. From a little over 500 places in 2009/10 the programme will expand to 2,000 places in 2015/16. 1,387 places were offered in 2014/15, including placements in the Eastern region, giving Teach First a presence in every region of England for the first time.

30. Further information about the labour market for teachers and school leaders in England and Wales is provided in Annex C.

Applying the 2015 pay award

31. Following the government's acceptance of the recommendations of the STRB's 21st - 24th reports, schools now have a very large degree of flexibility to differentiate the remuneration they offer to teachers to reflect various factors, including local recruitment and retention; roles and responsibilities; and specialist qualifications.

32. The government's response to the STRB's 24th report was to accept the recommendation for a 1% uplift of the national framework. That uplift was to be applied to the minima and maxima of all the pay ranges and allowances in the national pay framework, so that those teachers who were on the minimum or maximum of their pay range would receive an uplift of 1%. For those who were between the minimum and the maximum, it was for schools to determine locally how to take account of the uplift to the national framework in making individual pay progression decisions.

33. In that last report the STRB also signalled its expectation that from 2015 it should be for schools themselves to decide the extent to which any uplift to the national pay framework will apply to their teachers. It was the STRB's view that future uplifts should not be applied automatically to teachers and that any individual pay award needed to take account of performance.

34. The government's preferred approach would be a similar approach to last year, namely a recommendation that proposes adjustments to the national framework and that notes it will be for schools to use their autonomy and set out in their pay policies how they intend to deal with any uplift to the national framework.

35. As an illustration, the effect of uplifting the current minima and maxima for each of the national pay ranges by 1% in 2015/16 is shown in Table 1.

Table 1 : Reformed classroom teacher and leadership pay ranges with statutory minima and maxima uplifted by 1% in 2015/16.

Pay ranges				
	England and Wales	**Inner London**	**Outer London**	**London Fringe**
Main Pay Range				
Min	£22,243	£27,818	£25,879	£23,313
Max	£32,509	£37,490	£36,181	£33,576
Upper Pay Range				
Min	£35,218	£42,755	£38,739	£36,286
Max	£37,871	£46,364	£41,659	£38,941
Leading Practitioner Pay Range				
Min	£38,597	£45,900	£41,659	£39,660
Max	£58,677	£65,977	£61,742	£59,743
Unqualified Teacher Pay Range				
Min	£16,297	£20,496	£19,359	£17,368
Max	£25,775	£29,970	£28,841	£26,843
Leadership Group Pay Range				
Min	£38,597	£45,890	£41,659	£39,660
Max	£108,282	£115,581	£111,345	£109,354

Annex A: Evidence on the general economic outlook

Economic context and outlook for the economy

Growth

A1. The UK has been hit by the most damaging financial crisis in generations and the government inherited the largest deficit since the Second World War. The government's long-term economic plan has protected the economy through a period of uncertainty and provided the foundations for the UK's economic recovery which is now well established.

A2. The government's long-term economic plan is restoring the public finances to a sustainable path. The deficit has fallen by over a third as a percentage of gross domestic product (GDP) since 2009-10 and is forecast to have halved by the end of 2014-15. The government's plan has ensured economic stability and provided the foundations for the recovery. In order to safeguard the economy in the long term, the government continues to take decisive action through monetary activism and credit easing; deficit reduction; reform of the financial system; and a comprehensive package of structural reforms.

A3. UK GDP growth has been positive since the second quarter of 2013 and growth has exceeded forecasts. The UK economy grew by 0.8% in the second quarter of 2014, following 0.8% growth in the first quarter. The level of UK GDP has surpassed its pre-recession peak for the first time in the second quarter of 2014. The recovery is also balanced across all the main sectors of the economy, with manufacturing, services and construction all growing by over 3% in the second quarter on a year earlier.

A4. Reflecting this increased momentum, the Office for Budget Responsibility's (OBR) Budget 2014 forecast revised UK GDP growth in 2014 up to 2.7% compared to 2.4% from the Autumn Statement 2013 forecast. GDP growth in 2015 was revised up to 2.3% from 2.2%.

A5. However, external risks remain, reinforcing the case for stability in the government's long term economic plan. These include slowing growth and financial instability in some emerging markets and ongoing weakness in the euro area. The situation in Russia and Ukraine is a new risk and further deterioration is likely to have some impact on the UK. Abandoning the government's long-term economic plan and the path of fiscal credibility would represent the most significant risk to the recovery.

A6. The government is delivering ambitious structural reforms to enable the UK to compete in a rapidly changing global economy. These reforms are a key part of the government's economic strategy, alongside fiscal consolidation, monetary activism, and reform of the financial system.

A7. To help equip the UK to succeed in the global race, the government is implementing the most radical programme of economic reform in a generation. These reforms include making the tax system more competitive, equipping the UK's young people for the future, reforming the welfare system, increasing the income tax personal allowance and delivering improvements in the UK's infrastructure.

Table 2 : Forecasts for GDP growth 2014 to 2016

Forecasts for GDP growth (%)	2014	2015	2016
OBR (March Budget 2014)	2.7	2.3	2.6
IMF WEO (July 2014 update)	3.2	2.7	2.4
Avg. of independent forecasters (August 2014)	3.1	2.6	2.4

Inflation

A8. Inflation has fallen significantly since its peak in September 2011. Consumer Price Index (CPI) inflation peaked at 5.2% in September 2011 but fell back in 2012 as past rises in commodity and energy prices and VAT dropped out of the twelve month comparison. Inflation has been below the 2.0% target for the last seven months and over the second quarter of 2014 was 1.7%.

A9. Compared to the Bank of England's May 2014 *Inflation Report*, the outlook for inflation in the August report is largely unchanged. In the central case, inflation falls back a little in the near term as the appreciation of sterling bears down on import prices and, in turn, prices in the shops. The Bank of England expects inflation to remain around 1.8% from quarter four 2014 onwards.

A10. The OBR expects the rate of inflation to remain close to the 2.0% target for the rest of 2014, before settling at target in the second half of 2015. The OBR states in its March 2014 *Economic and fiscal outlook* that "anchored expectations are assumed to help keep inflation around target".

Table 3 : Forecasts for CPI Inflation 2014 to 2016

Forecasts for CPI Inflation (% change on a year earlier)	2014	2015	2016
OBR (March Budget 2014)	1.9	2.0	2.0
IMF WEO (April 2014)	1.9	1.9	1.9
Avg. of independent forecasters* (August 2014)	1.7	2.1	2.1

***Fourth quarter**

Affordability

A11. The government inherited the largest deficit in post-war history due to the financial crisis and unsustainable pre-crisis increases in public spending. The historically high level of borrowing risked undermining fairness, growth and economic stability in the UK. In 2010 the government set out clear, credible and specific medium-term fiscal consolidation plans to return the public finances to a sustainable path.

A12. The government's fiscal strategy has been effective in providing protection against a challenging backdrop of global uncertainty and fiscal vulnerabilities. This has restored fiscal credibility and allowed activist monetary policy and the automatic stabilisers to support the economy through the headwinds it faced in 2011 and 2012, consistent with the approach recommended by international organisations.

A13. The government remains committed to reducing the deficit and addressing the permanent structural deterioration in the public finances caused by the lasting impact of the financial crisis. Substantial progress has been made and the deficit has fallen by more than a third as a percentage of GDP since its peak (from 11.0% in 2009-10, to 6.5% of GDP in 2013-14). By the end of 2013-14, around 70% of the annual consolidation planned for this parliament had been achieved, with around 65% of the spending and all of the tax consolidation in place. 80% of the total consolidation in 2015-16 will be delivered by lower spending.

A14. The improved economic outlook supports the public finances, with the 'underlying deficit' now expected to be around £95 billion lower over the forecast period than forecast at Budget 2013. However, although the structural deficit continues to fall year on year, the OBR judges that it has not been improved by stronger economic growth over the past year, which the OBR has judged represents an improvement in the economic outlook rather than an improvement in the economy's growth potential. Substantial risks remain to the structural position of the public finances. These risks include external economic shocks, such as those set out in paragraph A5, public spending pressures and weak receipts growth driven by disappointing earnings growth. Therefore, the balance of fiscal risks argues strongly for sticking to the government's long-term economic plan.

A15. The deficit and debt remain at unsustainable levels. This year the deficit is forecast to be £95.5 billion (5.5% of GDP) and public sector net debt is forecast to continue to rise to peak at 77.3% of GDP next year (2015-16), at which point the government is forecast to be spending around £59 billion on servicing its public debt – more than is planned to be spent on the Department for Education. With the deficit and debt still at these unsustainable levels, deviating from the long-term economic plan as set out in 2010 would be the biggest risk to the recovery. Maintaining a clear and credible path of deficit reduction, which is based on continued public sector spending control and public sector pay restraint, is essential to ensuring market confidence in the government's ability to get the public finances back to a sustainable position.

A16. The international fiscal context argues strongly in favour of maintaining a credible pace of deficit reduction. Despite significant progress since 2010, the European Commission forecasts that this year the UK will have the third largest deficit and the largest structural deficit in the European Union. Given this context, maintaining the current clear and credible path of deficit reduction is necessary in order to maintain the confidence of international bond markets.

A17. The implication of fiscal consolidation for departmental spending levels can be seen in Table 4 below, which shows resource DEL budgets for each department from the Public Expenditure Statistical Analyses 2013. An estimated £164.3 billion in 2013-14 was spent on public sector pay, around 50% of departmental resource spending.

Table 4 : Departmental Expenditure Limits

	£ billion		
	Estimate	Plans	
	2013-14	2014-15	2015-16
Departmental programme and administration budgets (Resource DEL excluding depreciation)[2]			
Education	51.7	53.5	53.5
NHS (Health)[3]	105.6	108.3	110.4
Transport	3.8	4.0	3.2
CLG Communities	2.0	2.5	1.1
CLG Local Government	16.6	13.8	12.1
Business, Innovation and Skills	14.8	13.8	13.2
Home Office	10.7	10.4	9.8
Justice	7.4	6.7	6.2
Law Officers' Departments	0.6	0.5	0.5
Defence[4]	27.1	25.3	23.6
Foreign and Commonwealth Office	2.0	1.5	1.1
International Development	8.1	8.3	8.5
Energy and Climate Change	1.2	1.5	1.3
Environment, Food and Rural Affairs	1.8	1.8	1.6
Culture, Media and Sport	1.1	1.2	1.1
Work and Pensions	7.2	7.8	6.2
Scotland	25.5	25.8	25.8
Wales	13.9	13.7	13.7
Northern Ireland	9.7	9.7	9.7
Chancellor's Departments	3.2	3.6	3.3
Cabinet Office	2.2	2.3	2.0
Small and Independent Bodies	1.5	1.9	1.6
Reserve	0.0	2.4	2.5
Special Reserve	0.0	0.6	1.0
Adjustment for Budget Exchange[5]	0.0	-2.2	0.0
Spending commitments not yet in budgets	0.0	0.0	0.9
Total Resource DEL excluding depreciation plans	**317.8**	**318.7**	**313.9**

Source: ***Table 2.4: DEL - HM Treasury, March 2014***

Labour market

A18. Headline labour market figures continued to strengthen in the first half of 2014. Employment has risen by 451,000 since the end of 2013, bringing the employment level to 30.6 million. The employment rate rose 0.9 percentage points to 73.0% over the same period, in line with its pre-recession peak. The OBR expect employment to continue to rise over the forecast period, but at a slower pace than the increase over 2013. Unemployment fell by 264,000 over the first half of 2014 and is down 437,000 over the year. The unemployment

2 Resource DEL excluding ring-fenced depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Review settlements were made.

3 The health budget remains projected to grow in real terms every year from 2013-14 to 2015-16.

4 The defence budget for 2014-15 reflects the likely initial drawdown of funding from the Special Reserve for the net additional cost of military operations at Main Estimates. No such allocation has yet been made for 2015-16; the funding in this year remains in the Special Reserve. It does not reflect the planned switch between Single Use Military Expenditure and RDEL for 2014-15 and 2015-16 to be voted at Main Estimates

5 Departmental budgets in 2014-15 and 2015-16 include amounts carried forward through Budget Exchange. These increases will be offset at Supplementary Estimates in future years so are excluded from spending totals.

rate has fallen by 0.9 percentage points since the end of 2013, by 1.4 percentage points compared to the same period last year and down from the peak of 8.4% in the final quarter of 2011. At 6.4% the unemployment rate is 0.4 percentage points lower than the OBR forecast at budget.

A19. In the second quarter of 2014, the overall Labour Force Survey (LFS) employment level was 1.03 million above its pre-recession peak in the three months to May 2008. The number of vacancies increased by 119,000 over the year to 656,000 in the three months to July 2014 and is at its highest level since the three months to May 2008.

A20. However, while employment growth remains robust and unemployment is falling, wage growth remains weak. Regular pay growth (excluding bonuses) in the second quarter of 2014 slowed to 0.6% on the year.

Employment and unemployment

A21. The increase in the level of employment of 820,000 over the year to the second quarter of 2014 continues to see employment grow strongly and outpace forecasts for the OBR. Employment over the last year increased faster in the UK than in any other G7 country. The composition of the labour market has also changed over the last year with an increase in the share of total employment accounted for by self-employment, to 15% from 14% a year earlier. The composition of the labour market can have important implications for tax receipts, with the self-employed typically paying less tax than employees.

A22. The International Labour Organization (ILO) unemployment rate, which rose from a low of 5.2% in the first quarter of 2008 to peak at 8.4% (2.66m people) in the final quarter of 2011, has subsequently fallen to 6.4% in the second quarter of 2014. Unemployment is down 437,000 on the year, the fastest annual decline since 1988.

A23. Long-term unemployment (unemployment of 12 months or more) stands at 738,000 in the second quarter of 2014, down by 171,000 over the year. Long-term unemployment now accounts for 35.5% of total unemployment, a reduction of 0.6 percentage points on the year.

A24. Working age inactivity (16-64) was down by 130,000 over the year, with the inactivity rate falling by 0.4 percentage points to 21.9%. The fall in activity has been driven by a decline in female inactivity which is down 93,000.

A25. Youth unemployment (16-24) fell by 102,000 in the second quarter of 2014 and down 206,000 on the year, the fastest decrease since records began. The youth unemployment rate stands at 16.9%, down 2.1 percentage points on the year. Excluding people in full-time education, there were 502,000 unemployed 16-24 year olds, with a corresponding unemployment rate of 14.5%.

A26. The claimant count (the number of people claiming Jobseeker's Allowance) has fallen for 21 consecutive months and is down 420,000 in the year to July 2014, the fastest annual decline since December 1973. Table 5 summarises these statistics:

Table 5 : Labour market statistics summary (Levels in 000s, rates in %)[6]

	2010	2011	2012	2013	2014 Q2
Employment level (All aged 16 and over)	29,019	29,166	29,519	29,896	30,597
Employment rate (All aged 16-64)	70.5	70.5	71.1	71.7	73.0
Unemployment level (All aged 16 and over)	2,476	2.564	2,548	2,460	2,077
Unemployment rate (All aged 16 and over)	7.8	8.1	7.9	7.6	6.4
Youth unemployment level (All aged 16-24)	932	985	992	954	767
Youth unemployment rate (All aged 16-24)	19.8	21.1	21.2	20.8	16.9%
Claimant Count	1,496	1,534	1,585	1,421	1,008[7]

Public and private sector earnings

A27. Earnings growth in the private sector continues to be weak and over the period since 2008 average earnings growth in the public sector has generally exceeded that in the private sector. While private sector pay growth has improved since 2009 (about 1-2% per annum), we are yet to return to growth rates seen before the recession (about 4% per annum). Even after controlling for individual characteristics, an Institute for Fiscal Studies (IFS) study finds that the pay differential between public and private sector workers still continues to be in favour of the former and above the pre-recession trend.

A28. Average total pay growth (including bonuses) decreased by 0.2% in the three months to June 2014 compared to the same three month period in 2013, the first time the rate has been negative since May 2009. This was mainly due to an unusually high growth rate in April 2013 as some employers, who usually

---

[6] The latest public and private sector employment figures available are for the first quarter of 2014. These show that private sector employment rose by 355,000 on the quarter and was up by 795,000 over the year. This more than offset the fall in public sector employment which decreased by 11,000 on the quarter and by 16,000 over the year. This takes into account major reclassifications where large bodies employing large numbers of people have moved between the public and private sectors.

[7] Latest monthly data used (July 2014).

paid bonuses in March, paid them in April last year to benefit from the lowering of the tax rate in April 2013. Regular pay growth (excluding bonuses) rose by 0.6% over the same period. Inflation, as measured by the CPI, increased by 1.9% on the year to June, meaning that real pay growth continued to be negative over this period.

A29. Average total private sector pay has recovered somewhat from its large decline in 2009, but remains mostly weak, growing by just 2.0% in 2010 and 2.6% in 2011, compared to above 4% prior to the recession. Private sector pay growth weakened to 1.4% in 2012 and 2013. Total private sector pay strengthened in the first quarter of 2014 and grew by 2%, but decreased to 0.1% in the second quarter of the year.

A30. Public sector (excluding financial services) average regular pay was 2.3% in 2010 and 1.8% in 2011. While this recovered slightly in the middle of 2012, growing by 2.3% in the third quarter of 2012, it weakened towards the end of the year and continued to weaken in 2013, growing by 0.9%. Pay in 2014 has picked up slightly, reaching 1.5% in quarter one before falling to 1.2% in Q2.

A31. The sharp drop in bonuses for the whole economy seen in 2009 put more downward pressure on total pay (pay including bonuses). While there were some tentative increases in the levels during 2010 and 2011, it has remained mostly subdued. Whole economy bonus pay growth has seen large fluctuations during 2013, with a fall of 4.9% in March 2013 but an extremely large single month increase in April 2013 of 44.7%, corresponding to the shift in the timing of annual bonus payments. The base effects of the shifting of bonus payments meant that bonus payments were particularly weak in the second quarter of 2014, down 10.8%. This has been a large drag on private sector pay in particular.

A32. Table 6 sets out the differences in regular and total pay growth across years in the public and private sector.

A33. Since the introduction of the pay freeze and the policy of pay restraint, average earnings in the public sector (as measured by the Office of National Statistics (ONS)) continue to display positive growth for a number of reasons: the provision of £250 to those earning £21,000 or less during the two years of pay freeze; the fact that some three year pay deals only ended in September 2011; and an upwards pay drift due to continued constrained recruitment.

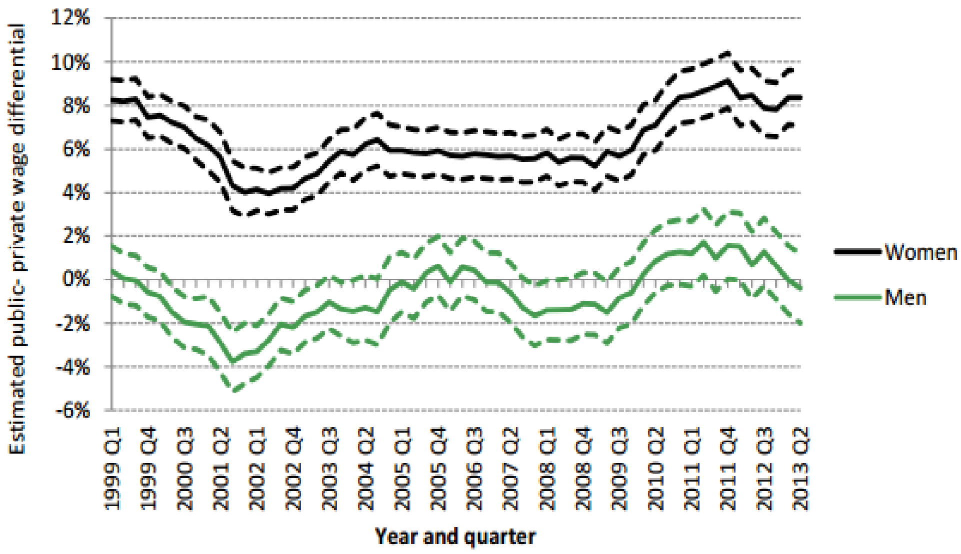
Table 6 : Regular pay (excluding bonuses) and total pay growth[8]

	Total Pay annual growth			Regular pay annual growth		
	All	Private	Public[9]	All	Private	Public[5]
2009	-0.1%	-0.9%	2.8%	1.7%	1.2%	3.0%
2010	2.4%	2.0%	2.2%	1.9%	1.5%	2.3%
2011	2.5%	2.6%	1.5%	2.0%	2.0%	1.8%
2012	1.4%	1.4%	1.7%	1.6%	1.8%	1.6%
2013	1.2%	1.4%	0.8%	1.0%	1.1%	0.9%
2014 Q2	-0.2%	-0.1%	0.9%	0.7%	0.9%	1.2%

Source: **ONS**, Average Weekly Earnings (AWE)

A34. In addition, the public-private sector pay differential based on average hourly earnings controlling for worker characteristics, as published in the IFS report (December 2013), shows that the public sector premium still remains above its pre-recession level.

Figure 1 : Public-private hourly pay differential controlling for individual characteristics



Source: **IFS** (December 2013)

Public sector pensions

A35. When considering changes to remuneration, it is important to consider the overall value of the public sector reward package. As set out above, pay in the public sector continues to be above that of the private sector on average.

[8] HMT calculations annual percentage change for quarter one.

[9] Public sector pay excluding financial services

However, there are many reasons aside from pay that may drive an individual's decision as to whether they will work in the public or private sector.

A36. One major factor in the overall reward package is pension provision. In the last few decades pension provision in the public and private sectors has diverged in response to pressures around longevity, changes in the business environment and investment risk. This has led to a sharp decrease in the provision of defined benefit schemes in the private sector. Around 85% of public sector employees are members of employer-sponsored pension schemes, compared to only 35% in the private sector.

A37. Following a fundamental review of public service pension provision by the Independent Public Service Pensions Commission, the government is introducing key changes to the pension element of the remuneration package. New public service pension schemes will be introduced in April 2015, which will:

- calculate pension entitlement using the average earnings of a member over their career, rather than their salary at or near to retirement;
- calculate pension benefits based on Normal Pension Age linked to the member's State Pension Age; and
- include an employer cost cap mechanism, which will ensure that the risks associated with pension provision are shared with scheme members to provide backstop protection for the taxpayer.

A38. The changes being introduced through the Public Service Pensions Act 2013 will save an estimated £65 billion by 2061-62.

A39. Wider changes to public service pension provision have also taken place. Progressive increases in the amount that members contribute towards their public service pension began in April 2012 and were phased in over three years, with the final increases made in April 2014. Members are now contributing an average of 3.2 percentage points more. This will deliver £2.8 billion of savings a year by 2014-15.

A40. Protections from the impact of the contribution changes have been put in place for the lowest paid. Those earning less than £15,000 will see no increases and those earning up to £21,000 (£26,000 for teachers) will not see increases of more than 1.5 percentage points by 2014-15.

A41. Public service pensions will remain among the best available and will continue to offer members guaranteed, index-linked benefits in retirement that are protected against inflation. Private sector workers buying benefits in the market would have to contribute over a third of their salary each year to buy an equivalent pension.

A42. Putting together the evidence on pension provision and pay levels – and recognising that there will be significant variation between and within individual workforces – the overall remuneration of public sector employees is above that of the market. The government is therefore clear that any changes to public service pensions, including the progressive increase in contributions from 2012-13, do not justify upward pressure on pay.

Wales

A43. The LFS data for Wales are generally not as favourable as the UK. The employment rate, 68.8%, is down on the quarter and the year, and is currently the joint second lowest in the UK. However, the unemployment rate is 6.7%, above the UK rate but lower than for a number of English regions.

A44. Over the year, the employment rate was down 0.5 percentage points and the number employed was down 18,000 to 1.347 million people. The employment rate is 4.2 percentage points below the UK average – which is higher than the gap prevailing before the recession of 2008/2009. The employment rate for men is 71.9%, 6.0 percentage points lower than the employment rate for men in the UK. The employment rate for women in Wales is 65.7%, 2.3 percentage points lower than the rate for women in the UK.

A45. Over the year, the rate of unemployment was down 1.3 percentage points and the number of people unemployed declined by 22,000 to 96,000.

A46. Over the year, the rate of inactivity was up 1.4 percentage points and the number inactive was up 24,000. The inactivity rate is 26.1%, 4.0 percentage points above the UK average.

A47. Figures on workforce jobs by industry for June 2014 show that the number of jobs increased over the year by 54,000 or 4.0% (this series counts jobs not people and is based partly on different sources to the LFS and is not directly comparable with the figures for employment). Service sector jobs increased by 24,000 (2.3%). Jobs in manufacturing increased by 9,000 (6.8%). Construction jobs increased by 14,000 (17.2%). (Data are volatile and should be treated with caution).

A48. Public sector employment declined by 5.7% (19,000) over the year to the second quarter 2014. Private sector employment increased by 2.3% (23,000).

Annex B: Affordability in schools

Funding for schools in England

B1. The government has prioritised investment in education as one of its measures to drive long-term economic growth, so it is especially important that we protect schools' funding at a time of economic difficulty. It is for this reason that the overall schools' budget continues to be protected at flat cash per pupil to the end of this spending review period (including in 2015-16) and will rise as the pupil population grows. The pupil premium is additional to this and is targeted at those pupils who need it most.

B2. Although the overall schools' budget will stay at the same level on a per pupil basis, before the addition of the pupil premium, individual school budgets will vary from year to year due to changes in local funding formulae. To protect schools from significant budget reductions, we have put in place a Minimum Funding Guarantee (MFG) to the end of this spending review period (including in 2015-16). This ensures that most schools will not experience a reduction in their budgets of more than 1.5% per pupil (excluding sixth form funding) compared to the previous year and before the pupil premium is added.

B3. The government has already made significant changes to local school funding arrangements. It has ensured that schools are funded on a much simpler and more consistent basis, with more money based on the needs of pupils and not on historical decisions. These changes stand us in good stead for introducing a new National Fair Funding Formula in the next parliament. We are also allocating an additional £390m (on top of flat cash per pupil) to the least fairly funded local authorities in 2015-16. We are allocating the funding by setting minimum funding levels that a local authority should receive for each of its pupils and schools. Detail of this additional funding can be found on GOV.UK.

The schools' budget and school spending

B4 In 2014/15 Dedicated Schools Grant allocations, before recoupment of funding for academies, total £38.735 billion. The pupil premium is an additional £2.5 billion. Individual schools' budgets can vary significantly. They reflect both the distribution of funding across the country as well as historic and current decisions that local authorities have taken when allocating funding between schools in the same area.

Spending in schools

B5 In the financial year 2012-13 local authority (LA) maintained schools in England spent a total of £29.5 billion. During the same period they generated an income of £1.7 billion, resulting in a total net expenditure of £27.8 billion. Of the total expenditure:

- £267.4 million (0.9%) was spent by LA maintained nursery schools;
- £17.6 billion (59.7%) was spent by primary schools (which included a number of primary schools with nursery classes);
- £9.7 billion (32.8%) was spent by secondary schools; and
- £2.0 billion (6.6%) was spent by special schools.

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

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

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

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

B8 In the academic year 2014/15 the teacher pay bill for publicly funded schools in England and Wales is projected to be approximately £23.1 billion[10]. Teachers in England and Wales were subject to a pay freeze from September 2011 to September 2013.

B9 A flat 1% pay uplift awarded to all salaries and relevant allowances in 2015/16 is estimated to cost £220 million. This would contribute to a total increase in the pay bill of approximately £920 million, to reach £24 billion in 2015/16. The remaining pressure of £700 million equates to a 3% growth in the pay bill compared to 2014/15. The majority of this pressure is due to increased employer pension contributions (a 2.3 percentage point increase on 2014/15 rates) and a projected increase in the workforce size (close to 1%). Any remaining growth is due to pay drift. Pay drift is the net effect of progression

[10] All pay bill figures in this section include teachers in academies, who are not bound by the statutory requirements of the STPCD.

within the profession, wastage from the profession and entry and re-entry into the profession.

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

School budgets in Wales

B11 Responsibility for school funding in Wales sits with the Welsh government. The education budget in 2014/15 is approximately £2.630 billion. Of this £2.278 billion was in the schools' budget and £352 million in the local education authority (LEA) budget. The funding delegated to schools in 2014/15 is budgeted to be £2.095 billion.

B12 Gross schools' expenditure per pupil is budgeted to be £5,607, a year-on-year increase of 0.2% or £13. Of this £4,647 per pupil is delegated to schools and £960 per pupil is retained for centrally-funded school services. The amount of funding that local authorities delegate directly to schools ranges between 77% and 86% of overall gross schools' budgeted expenditure. Overall, 83% of the total gross schools' budgeted expenditure is delegated directly to schools, an increase of 0.6 percentage points compared to the previous year.

B13 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. LA budgets are monitored on an annual basis to ensure they meet the required target for schools' budgets. In support of this, additional funding has been provided each year to LAs through a range of funding streams. The Provisional Local Government Settlement for 2015-16 was published on 8 October 2014 and will be finalised in early December 2014. This will set out individual authority allocations of the core revenue funding available for local government.

Annex C: The teacher labour market

C1. In November 2013 there were approximately 451,000 FTE teachers. Table 7 shows the FTE numbers of teachers in England split by grade and phase. The majority of teachers are classroom teachers (over 371,000 FTE). There are approximately 62,800 leadership teachers and 17,100 unqualified teachers.

Table 7 : Full-time equivalent teachers (FTE) by grade and phase, publicly-funded schools (England, November 2013) (000s)

	Nursery and primary	Secondary	Special	Centrally employed	Total
Full-time heads	15.6	3.3	1.1	0.1	20.2
Full-time deputy heads	11.0	5.2	1.0	0.1	17.5
Full-time assistant heads	8.0	12.1	1.1	0.1	21.4
Part-time FTE leadership	2.7	0.7	0.2	0.1	3.7
Classroom teachers	168.1	182.2	13.2	6.1	371.3
Unqualified teachers	4.5	9.9	1.3	1.0	17.1

Source: **School Workforce Census**, SFR November 2013

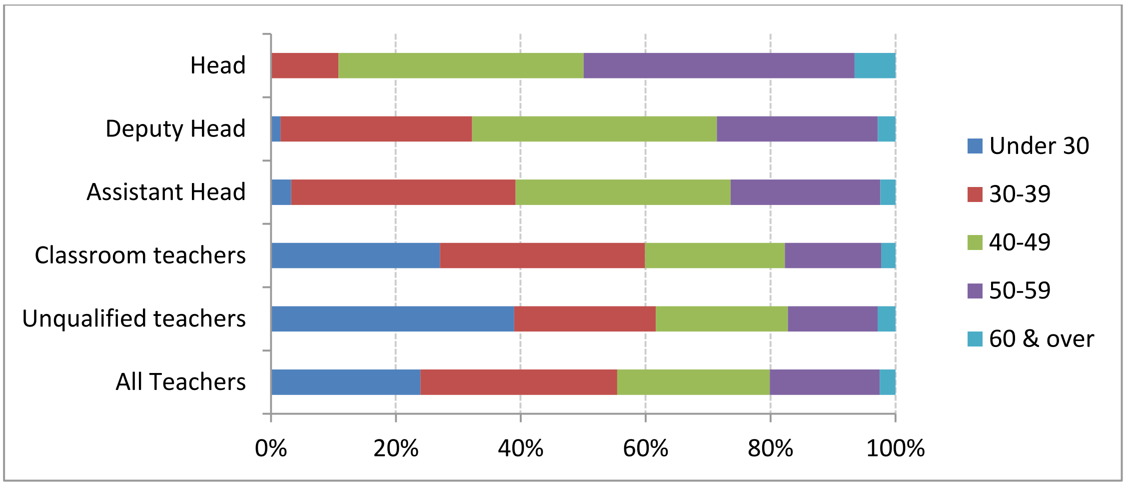
The teaching workforce[11]

C2. 21% of all FTE teachers in publicly-funded schools were aged 50 and over, whilst 24% of teachers were aged under 30. Unqualified teachers represent the largest proportion of teachers under 30 at 39%. Age distributions by grade are shown in Figure 2.

C3. 74% of teachers at all grades are female. For classroom teachers the proportion is slightly higher at 75%. For the leadership group and unqualified teachers, the percentage of female teachers is less than 70%. Figure 3 shows the proportions of females and males for each grade.

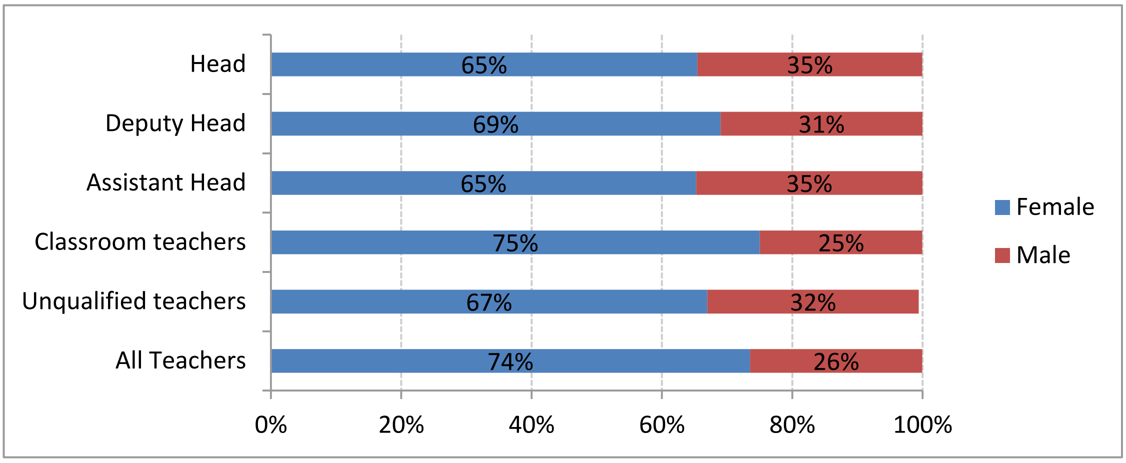
[11] All figures taken from the School Workforce Census (SWC) 2013 and are England only unless otherwise stated. This data may not exactly match the 2013 School Workforce Statistical First Release (SFR) since the SFR makes adjustments for schools who failed to make a census return, and this data does not. In addition the SFR is based on total numbers of contracts recorded whereas this analysis has been performed on a dataset where some duplicates have been removed.

Figure 2 : Full-time equivalent teachers (FTE) in publicly funded schools by grade and age (England, November 2013)



Source: **School Workforce Census,** November 2013

Figure 3 : Full-time equivalent teachers (FTE) in publicly funded schools by grade and gender (England, November 2013)



Source: **School Workforce Census,** November 2013

C4. Table 8 shows the ethnic background of teachers in England by grade. The percentage of teachers with a non-white ethnic background decreases as grade increases. The highest percentages of teachers with a non-white background are observed for unqualified teachers and the lowest percentage of teachers with a non-white background is observed for headteachers.

Table 8 : Distribution of full-time equivalent teachers (FTE) by grade and ethnicity in publicly funded schools. (England, November 2013)[12]

		Head	Deputy	Assistant	Classroom	Unqualified	Total
White		**97.2%**	**96.2%**	**94.4%**	**92.4%**	**88.3%**	**92.8%**
	White British	93.8%	92.3%	90.4%	87.1%	77.4%	87.5%
	White Irish	1.8%	1.8%	1.7%	1.7%	2.5%	1.8%
	Any Other White Background	1.6%	2.0%	2.4%	3.6%	8.4%	3.5%
Black		**0.9%**	**1.2%**	**1.7%**	**2.1%**	**3.9%**	**2.0%**
	Black African	0.2%	0.2%	0.4%	0.8%	1.1%	0.7%
	Black Caribbean	0.6%	0.8%	1.1%	1.0%	2.1%	1.0%
	Any Other Black Background	0.1%	0.2%	0.2%	0.3%	0.6%	0.3%
Asian		**1.1%**	**1.6%**	**2.5%**	**3.7%**	**4.5%**	**3.5%**
	Bangladeshi	0.0%	0.1%	0.2%	0.4%	0.6%	0.4%
	Indian	0.7%	0.9%	1.3%	1.8%	2.0%	1.7%
	Pakistani	0.3%	0.3%	0.7%	0.9%	1.3%	0.9%
	Any Other Asian Background	0.1%	0.3%	0.4%	0.6%	0.7%	0.5%
Mixed		**0.5%**	**0.7%**	**0.8%**	**1.1%**	**1.9%**	**1.1%**
	White and Black African	0.0%	0.1%	0.1%	0.1%	0.2%	0.1%
	White and Black Caribbean	0.1%	0.1%	0.2%	0.3%	0.6%	0.3%
	White and Asian	0.2%	0.2%	0.2%	0.3%	0.4%	0.3%
	Any Other Mixed Background	0.2%	0.3%	0.3%	0.4%	0.7%	0.4%
Chinese		**0.0%**	**0.0%**	**0.1%**	**0.2%**	**0.3%**	**0.2%**
Any Other Ethnic Group		**0.2%**	**0.3%**	**0.4%**	**0.5%**	**1.1%**	**0.5%**
All teachers		**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: **School Workforce Census**, November 2013

Classroom teacher salaries

C5. The case for continued pay restraint remains strong. The teacher labour market remains healthy and teaching continues to be an attractive profession. Teachers' salaries are still competitive, with average salaries having increased by 1.3 per cent between 2012 and 2013.

C6. The minimum salaries for classroom teachers in the Rest of England and Wales pay band (the lowest of the four regional pay bands) are £22,023 for a qualified teacher and £16,136 for an unqualified teacher.

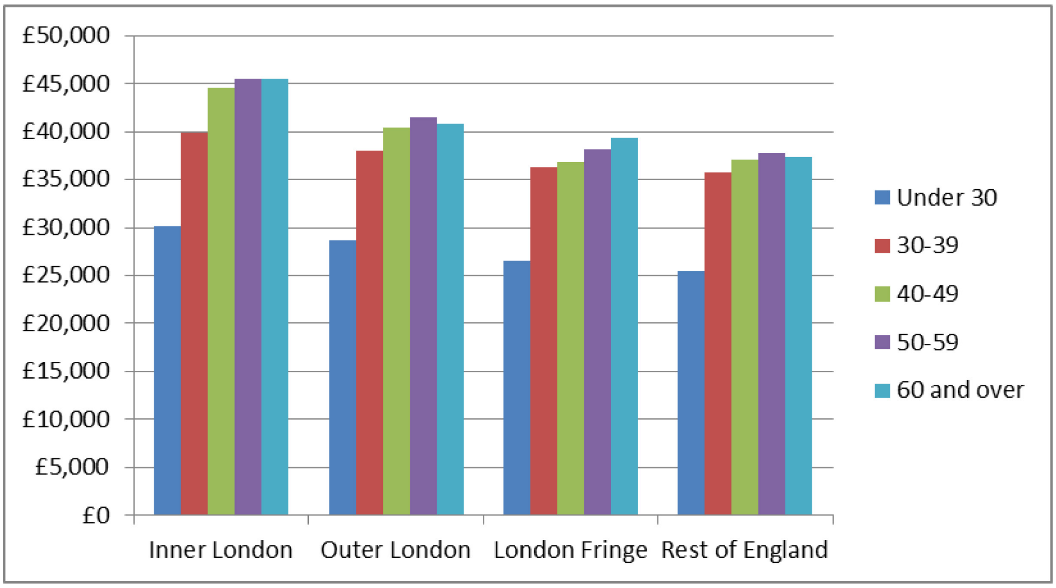
C7. Teachers' salaries are largely driven by the location of the school they work in and their level of experience. Figure 4 shows median salaries of classroom teachers by pay band and age.

C8. However, analysis of the November 2013 School Workforce Census (SWC) also shows that the overall level of pay varies between phase and sector. Figure 5 and Figure 6 show that average salaries for full-time, qualified

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

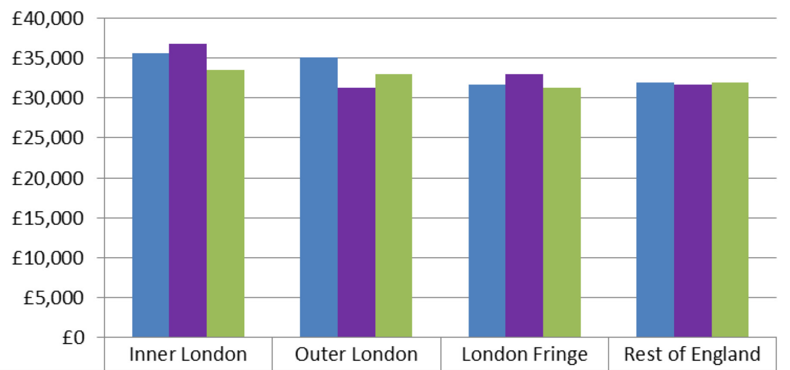
classroom teachers are higher in secondary schools than in primary schools, across both the maintained and academy sectors.

Figure 4 : Average (median) salaries of full-time qualified classroom teachers in publicly funded schools, by age of teacher[13]



Source: **School Workforce Census**, November 2013

Figure 5 : Average (median) salaries of full-time qualified classroom teachers in primary schools by region and school type[14]



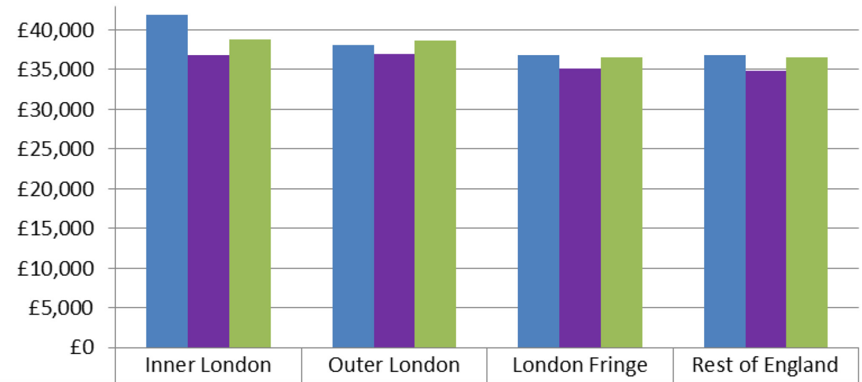
	Inner London	Outer London	London Fringe	Rest of England
LA maintained nursery and primary	£35,600	£35,100	£31,600	£31,900
Primary Academy sponsor led	£36,800	£31,200	£32,900	£31,600
Primary Academy converter	£33,500	£33,000	£31,300	£31,900

Source: **School Workforce Census**, November 2013

[13] Excludes centrally employed teachers

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

Figure 6 : Average (median) salaries of full-time qualified classroom teachers in secondary schools by region and school type[15]



	Inner London	Outer London	London Fringe	Rest of England
LA maintained secondary	£41,900	£38,100	£36,800	£36,800
Secondary Academy sponsor led	£36,800	£37,000	£35,100	£34,800
Secondary Academy converter	£38,800	£38,700	£36,600	£36,500

Source: **School Workforce Census**, November 2013

C9. In inner and outer London primary schools the average salaries are higher in maintained schools than in academy converters, whilst in secondary schools, classroom teachers in sponsor-led academies consistently have the lowest salaries in each of the four pay bands. However, this analysis does not allow for like for like comparison of characteristics; for example, if teachers in sponsor-led academies are less experienced on average than those in maintained schools, they may not demand as high salaries. Other analysis suggests that on average academies use allowances less than in maintained schools.

C10. Figure 7 shows that the median pay of classroom teachers[16] higher than private sector graduate professionals[17] [18] is in the North West, Yorkshire and the Humber, the East Midlands and the South West. In the West Midlands, East of England, London and South East, the median pay of classroom teachers is lower than that of private sector graduate professionals.

C11. The mean classroom teacher salary is lower than that of a graduate professional in all regions, except for the North East and Yorkshire and the Humber. In general, this can be explained by the existence of some graduate professionals earning very high salaries, which are inflating the value of the mean, but have little effect on the median. Classroom teachers are less likely

---

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

[16] Classroom teachers: full-time, qualified, includes Leading Practitioners.

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

[18] The 2013/14 average salary for graduates is an estimate based on the latest 3 quarters of available data (Q4 2013 and Q1&Q2 2014). Q3 2014 of the Labour Force Survey is not yet available

to be paid salaries at very high levels due to the maximum salary restrictions of the STPCD.

Figure 7 : Percentage difference in average (mean and median) salaries - classroom teachers' salaries vs. private sector graduate professional salaries 2013/14[19] [20]

Source: **School Workforce Census** November 2013(teachers), **Labour Force Survey** (graduate professionals)

C12. Pay is only part of the total compensation package and this analysis does not take into account additional elements offered in the different professions, such as the pension provision and the offer of healthcare benefits. Graduates would also base their career decisions on other factors, such as future career/promotion prospects, job security and work/life balance.

C13. This analysis does not compare workers with like-for-like characteristics and the comparison would be quite different if factors such as gender and age were taken into account. Female teachers generally fare better than male teachers when compared to graduates. The earnings gap between teachers and graduates of the same age varies but is generally smaller at younger ages.

C14. Figure 8 shows real term earning values[21] of classroom teachers and private sector graduates 2002/03 to 2013/14[22], not accounting for any regional

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

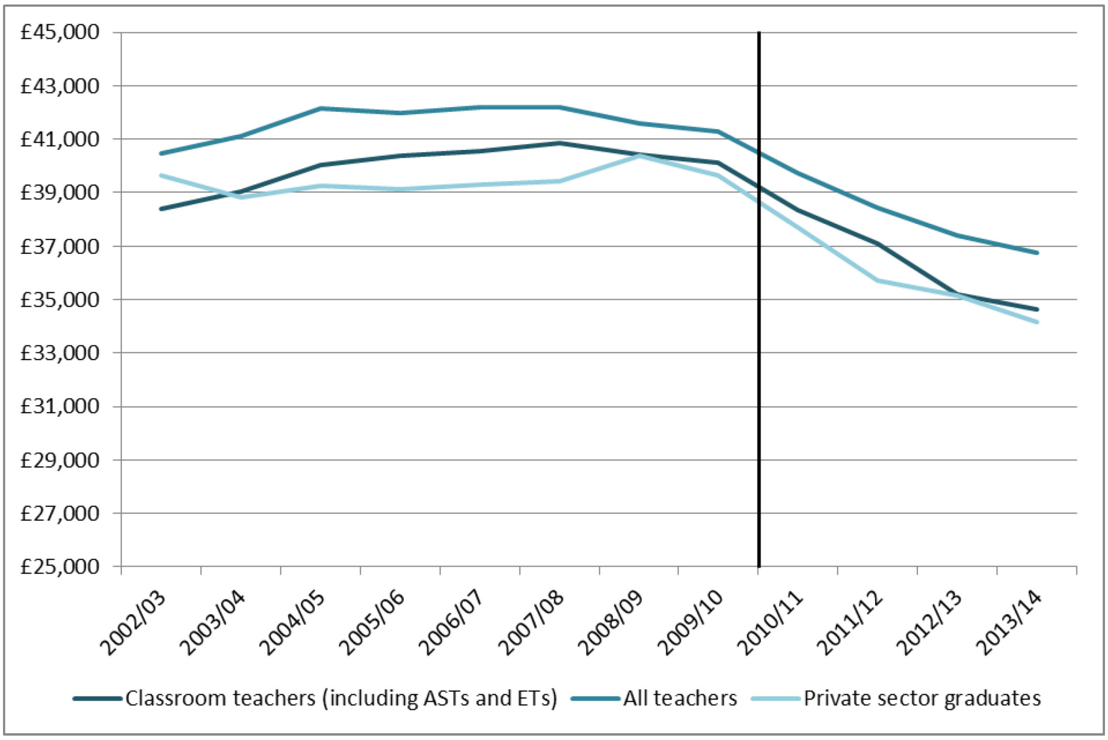
[20] The 2013/14 average salaries for graduates are estimates based on the latest three quarters of available data (Q4 2013 and Q1&Q2 2014). Q3 2014 of the Labour Force Survey is not yet available

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

[22] The 2013/14 average salaries for graduates are estimates based on the latest threequarters of available data (Q4 2013 and Q1&Q2 2014). Q3 2014 of the Labour Force Survey is not yet available

variation. While all three averages have fallen in the latest year, those for teachers appear to have fallen slightly less steeply than private sector graduates. The changes in their salaries could be due to graduates staying in the same occupations over time and seeing their salaries decrease, or alternatively it could be that graduates are now working in lower paid occupations than in earlier years.

Figure 8 : Average (median) salaries in real terms[23] over time[24]



Source: **Database of Teacher Records** (prior to 2010) and **School Workforce Census** (from 2010). Graduates: **Labour Force Survey** (all years)[25]

C15. From 2002/03 to 2013/14[26] classroom teacher median salaries and overall teacher median salaries have both seen a drop of 9-10% in real terms whereas the median salaries of private sector graduates have seen a drop of 14%.

[23] At 2013/14 levels, using CPI as the measure of inflation, consistent with ONS published analysis of changes in real wages.

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

[25] Coverage: From 2010: England and Wales, post-2010 onwards: Graduates – England and Wales, Teachers - England only. The 2013/14 average salaries for graduates are estimates based on the latest three quarters of available data (Q4 2013 and Q1&Q2 2014). Q3 2014 of the Labour Force Survey is not yet available.

[26] Before 2013/14, the classroom teacher figures include ASTs and ETs, in 2013/14 they include leading practitioners. In this latest year the AST and ET posts were abolished and the leading practitioner post was introduced.

Use of allowances

C16. Table 9 shows the percentage of schools making use of different allowances by region. Teaching and learning responsibility (TLR) payments are the most widely used form of allowances. TLR payments are made to a teacher for undertaking a sustained additional responsibility for the purpose of ensuring the continued delivery of high-quality teaching. There is considerable variation between the regions as regards the use of allowances, with additional payments being used most in inner and outer London, but used far less in the South West.

Table 9 : Use of pay flexibilities, by region (England, November 2013)

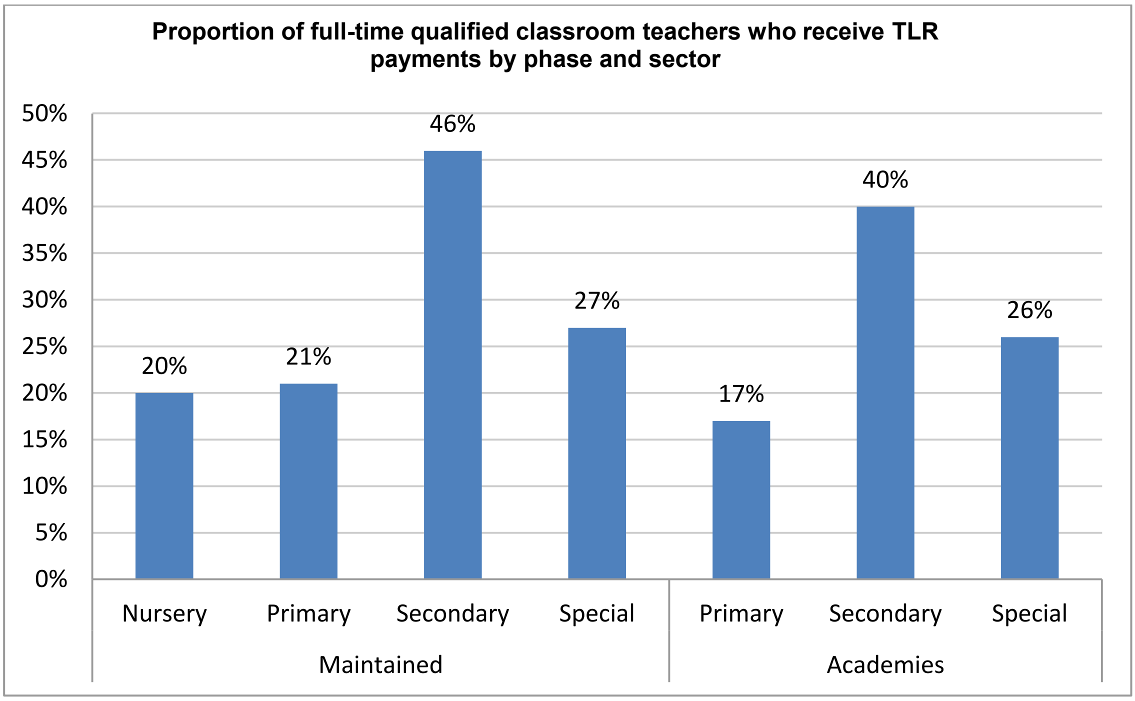
		Schools using REC payments		Schools using TLR payments		Schools using SEN payments		Schools using other payments		Schools using any payments	
	Total Number of Schools in region	Number	As % of schools in region	Number	As % of schools in region	Number	As % of schools in region	Number	As % of schools in region	Number	As % of schools in region
North East	1129	124	11.0%	770	68.2%	121	10.7%	218	19.3%	836	74.0%
North West	3064	210	6.9%	2123	69.3%	468	15.3%	532	17.4%	2413	78.8%
Yorkshire and The Humber	2161	168	7.8%	1276	59.0%	194	9.0%	386	17.9%	1498	69.3%
East Midlands	1993	186	9.3%	1347	67.6%	283	14.2%	343	17.2%	1510	75.8%
West Midlands	2347	343	14.6%	1628	69.4%	200	8.5%	696	29.7%	1871	79.7%
East of England	2523	291	11.5%	1302	51.6%	293	11.6%	865	34.3%	1830	72.5%
Inner London	966	214	22.2%	727	75.3%	157	16.3%	225	23.3%	798	82.6%
Outer London	1506	195	12.9%	1142	75.8%	222	14.7%	535	35.5%	1261	83.7%
South East	3300	420	12.7%	2024	61.3%	525	15.9%	975	29.5%	2501	75.8%
South West	2251	117	5.2%	993	44.1%	245	10.9%	668	29.7%	1501	66.7%
Total	21240	2268	10.7%	13332	62.8%	2708	12.7%	5443	25.6%	16019	75.4%

Source: **School Workforce Census**, November 2013[27]

C17. Figure 9 shows the percentage of classroom teachers in receipt of TLR payments in November 2013 and Figure 10 shows the median annual TLR payments by phase and sector. Maintained schools were more likely to use TLR payments than academies, and TLR payments were more widely used in secondary schools than primary schools. Figure 10 shows that TLR payments of all types were also on average of higher value in secondary schools than in primary.

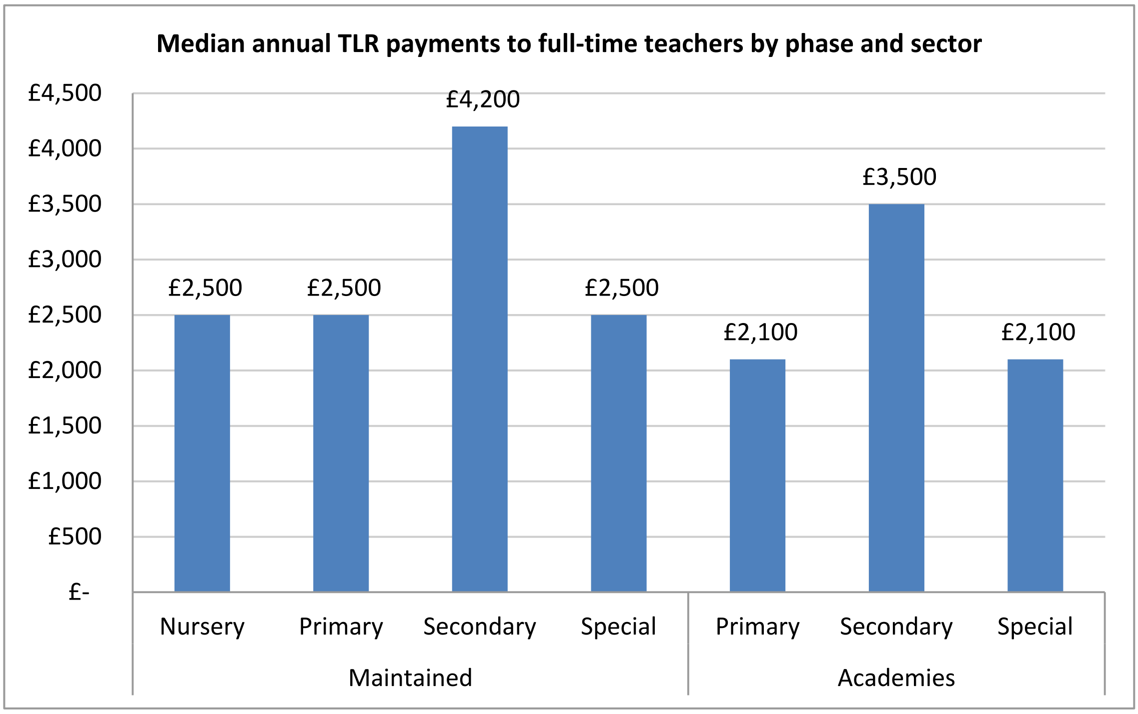
[27] Full-time qualified classroom teachers in publicly funded schools for whom data is provided. A school is counted if they are paying a pay flexibility to at least one full-time qualified classroom teacher.

Figure 9 : Proportion of full-time qualified classroom teachers in receipt of a TLR payment



Source: **School Workforce Census**, November 2013

Figure 10 : Proportion of full-time qualified classroom teachers in receipt of a TLR payment



Source: **School Workforce Census**, November 2013

Vacancies

C18. Vacancy rates have remained fairly low and relatively stable in the last four years, but have shown a small increase in the last year from 0.1% to 0.2%, with only Yorkshire and Humber and the East Midlands seeing above average increases in the latest year. The teacher vacancy rate nevertheless remains low and has been around 1% or below (of all teaching posts) since 2000.

C19. We are confident that these vacancy rates are manageable. We recruited 96% of the overall number of trainees we set out to recruit for training in 2013/14, reflecting the continuing popularity of teaching. In addition, increased pay flexibilities will support headteachers in addressing teacher shortages in specific subjects and in certain areas of the country.

C20. Table 10 shows vacancy rates by English regions between 2001 and 2013. The dotted line indicates a change in data source prior to the final three years in the series. From November 2010, vacancy rates are based on a census date in November (prior rates were based on a census date in January, a time of the year in which schools would be expected to have more vacancies than in November). A general decline in vacancy rates and the change in census date accounts for the large drop between January 2010 and November 2010.

Table 10 : Vacancy rates[1] in publicly funded schools by region (England, November 2013)

Region	Jan 2001	Jan 2002	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Jan 2007	Jan 2008	Jan 2009	Jan 2010	Nov 2010[2]	Nov 2011	Nov 2012	Nov 2013
	Vacancy rate (as a percentage of teachers in post)													
North East	0.8	0.6	0.7	0.5	0.4	0.4	0.4	0.5	0.4	0.5	0.2	0.1	0.1	0.1
North West	0.5	0.6	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.2
Yorkshire and the Humber	0.5	0.9	0.6	0.5	0.6	0.5	0.5	0.7	0.5	0.4	0.1	0.1	0.2	0.3
East Midlands	0.7	0.9	0.5	0.4	0.4	0.4	0.3	0.5	0.5	0.3	0.1	0.1	0.1	0.3
West Midlands	0.9	1.1	0.8	0.7	0.7	0.6	0.6	0.9	0.9	0.6	0.1	0.1	0.2	0.2
East of England	1.7	1.7	1.2	0.9	0.8	0.8	0.7	0.8	0.9	0.5	0.1	0.1	0.1	0.2
London	3.5	2.7	2.1	1.4	1.3	1.2	1.0	1.1	0.9	0.6	0.1	0.1	0.1	0.2
South East	2.0	1.4	1.2	0.8	0.7	0.7	0.6	0.8	0.6	0.4	0.1	0.1	0.1	0.2
South West	0.6	0.5	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.2	0.1	0.1	0.1	0.1
England	**1.4**	**1.2**	**0.9**	**0.7**	**0.7**	**0.6**	**0.6**	**0.7**	**0.6**	**0.4**	**0.1**	**0.1**	**0.1**	**0.2**
England (excl. London)	**1.0**	**1.0**	**0.8**	**0.6**	**0.6**	**0.5**	**0.5**	**0.6**	**0.6**	**0.4**	**0.1**	**0.1**	**0.1**	**0.2**

Source: **618g Survey and School Workforce Census**

1. Based on 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.
2. From November 2010, vacancy rates are based on a census date in November which represents a break in the time series (prior rates were based on a census date in January). A general decline in vacancy rates and change in census date accounts for the large drop between Jan 2010 and Nov 2010

C21. At secondary level, after a drop in the vacancy rate between November 2010 and November 2011, Table 12 shows that the number of full-time classroom teacher vacancies and temporary filled posts has increased from 520 in 2011 to 1,200 in 2013. The rate has also increased from 0.3% to 0.6%. In line with historical trends, above average vacancy rates continue to be seen for mathematics, information technology, all sciences and English.

Table 11 : Full-time classroom teacher vacancies and temporary filled number[28] of posts[29] and rates in publicly funded secondary schools and academies by subject[30]

November 2010 to 2013 - England

	VACANCIES AS A PERCENTAGE OF TEACHERS IN POST				NUMBER OF VACANCIES			
	2010	2011	2012	2013	2010	2011	2012	2013
ALL VACANCIES	*0.4*	*0.3*	*0.5*	*0.6*	630	520	800	1,220
MAIN TEACHING SUBJECT								
Mathematics	*0.7*	*0.5*	*0.7*	*1.1*	120	100	140	220
Information technology	*0.5*	*0.4*	*0.5*	*1.0*	40	30	30	60
All sciences	*0.4*	*0.4*	*0.6*	*1.0*	80	90	140	230
Languages	*0.3*	*0.4*	*0.5*	*0.3*	30	40	50	40
English	*0.5*	*0.4*	*0.7*	*1.0*	110	80	150	220
Drama	*0.3*	*0.1*	*0.1*	*0.4*	10	-	-	-
History	*0.2*	*0.3*	*0.2*	*0.4*	10	20	20	30
Social sciences	*0.6*	*0.3*	*0.6*	*0.7*	20	10	30	30
Geography	*0.2*	*0.2*	*0.4*	*0.6*	10	10	20	40
Religious education	*0.3*	*0.2*	*0.4*	*0.7*	10	10	20	40
Design and technology	*0.4*	*0.2*	*0.4*	*0.6*	40	20	40	60
Commercial/business studies	*0.5*	*0.1*	*0.2*	*0.4*	20	-	10	20
Art/craft/design	*0.2*	*0.1*	*0.2*	*0.5*	10	10	10	30
Music	*0.2*	*0.2*	*0.5*	*0.3*	10	10	20	10
Physical education/sport/dance	*0.2*	*0.1*	*0.1*	*0.3*	30	20	20	40
Careers	-	-	-	-	-	-	-	-
Other main and combined subjects	*0.5*	*0.4*	*0.5*	*1.0*	50	50	50	90
Unknown subjects	.	.	.	.	30	20	40	50

Source: **School Workforce Census**

C22. Table 13 shows the proportion of hours taught by non-specialist teachers in EBacc subjects. There has been a small improvement since last year, but 25.5% of all hours taught in Physics and 19.6% of all hours taught in Chemistry are taught by non-specialist teachers. There are also above average proportions of non-specialist hours for modern foreign languages,

---

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

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

[30] Totals may not appear to equal the sum of the component parts because of rounding.

although this definition of ‘specialist’ does not take into account the native tongue of the teacher[31].

Table 12: Number of ‘specialist’[32] teachers and percentage of hours taught by ‘non-specialist’ teachers in publicly funded schools (England, November 2013)

EBacc subject	*Number of 'specialist' teachers in subject*	*% of hours taught by 'non-specialist'*	*Number of additional 'specialist' teachers needed to teach the 'non-specialist' hours*
Mathematics	25,840	17.3%	5,410
English	29,960	15.2%	5,370
Physics	4,120	25.5%	1,410
Chemistry	5,630	19.6%	1,370
Biology	7,590	14.4%	1,280
Combined / General science **	30,040	9.6%	3,190
History	11,720	14.6%	2,000
Geography	9,790	17.6%	2,090
French*	10,780	24.3%	3,460
German*	3,410	26.8%	1,250
Spanish*	3,610	42.5%	2,670
Other modern languages*	1,160	60.3%	1,770

Source: **School Workforce Census**, November 2013

Demand

C23. Every year the Department sets the National College for Teaching and Leadership (NCTL) targets for recruitment to Initial Teacher Training (ITT) courses informed by the Teacher Supply Model (TSM). The main purpose of the TSM is to determine the optimum number of ITT places in England in order to match future teacher supply with future teacher demand as closely as possible. The future demand is determined using assumed Pupil Teacher Ratios (PTRs). These are determined from our best estimates for the number of teachers required to implement the Department’s policy initiatives and the projected number of pupils in schools. It also takes into account other flows within the existing stock of teachers, such as those leaving the profession (wastage) and retiring as well as those expected to return to teaching in the state-funded sector. Further information on recruitment to ITT is in Annex D.

C24. Overall pupil numbers (aged up to and including 15) in state-funded schools began to increase in 2011 and are projected to continue rising. The numbers in maintained nursery and state-funded primary schools are projected to increase by 9% between 2014 and 2023, reaching around 4.661 million[33].

---

[31] For example, a teacher who speaks French as a first language but who did not hold a post-A level qualification in ‘French’ would not be counted as a specialist

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

[33] National Pupil Projections – Future Trends in Pupil Numbers, July 2014

State-funded secondary pupil numbers (aged up to and including 15) started declining in 2005 and are projected to continue to decline until 2015, after which the increases in primary pupil numbers will start to flow through into secondary schools. By 2023, the number of state-funded secondary pupils aged up to and including 15 is projected to be 17% higher compared to 2014. When pupil numbers increase, it is expected that future teacher demand will increase. This is taken into account when calculating future teacher need as part of the TSM.

C25. Long-term projections of pupil numbers are at a national level. The Office of National Statistics (ONS) produce shorter-term projections of the numbers of the school-aged population by region. By 2017, all regions in England are projected to have an increase in their primary aged population (aged 5 to 10) compared with 2012. There is some variation by region, ranging from around 9% in the North West, North East, West Midlands and Yorkshire and the Humber to 14% in London. The population aged 11 to 15 is projected to have declined in all regions in 2013 and 2014. In 2015, the 11 to 15 population in London is projected to stabilise, but elsewhere this age group will continue to decline until 2016, when numbers in all regions, except the North East and the South West, will start to increase. The North East and the South West are predicted to experience their first annual growth in this age group in 2017.

C26. Whilst the Department aims to estimate future teacher demand, decisions taken at school level will determine the actual number of teachers required. Increasing the proportion of ITT that is school-led gives schools greater scope to plan for local demand. Wider evidence of international experience shows that, even when supply and demand for teachers are in balance, many countries face shortages of specialist teachers and shortages in schools serving disadvantaged or isolated communities[34].

Vacancies and demand in Wales

C27. The latest published statistics for advertised vacancies in Wales show that, between 1 January and 31 December 2013, 728 teacher vacancies were advertised for primary schools, with an average of 18 applications received. (With English medium posts attracting an average of 22 applications per post and Welsh medium posts attracting an average of 10 applications.)

C28. The latest projections for pupil numbers (based on the school population of Wales at January 2014) show primary pupil numbers rising by 13,400 between 2014 and 2022. Pupil projection figures are based on FTE figures.

---

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

C29. A baseline projection from the Teaching Planning and Supply Model (TPSM) for the period 2013/14 – 2022/23 using updated data shows that, without any change to numbers, there would be no over supply of primary ITT entrants, but a sustained and significant reliance on large numbers of re-entrants to fill vacant positions. This approach would also ensure that qualified primary teachers already in the system, but yet to secure teaching work, should become utilised, as anecdotal evidence suggests that in some areas there remain numbers of recently qualified primary teachers being unable to secure permanent posts.

C30. Whilst primary ITT numbers were kept at the 2013/14 level for 2014/15, we will monitor the situation in light of the 2012-based national pupil projection data given the current projected rising number of primary pupil numbers (projected increase of 34,000 between 2013/14 and 2022/23 based on 2010 data). If this trend continues, we cannot rule out the possibility of having to consider increasing primary numbers in future years. However, we will consider the position on the basis of a further analysis of the TPSM output for academic year 2015/16 using the next round of updated figures.

C31. Median figures for application for advertised secondary teaching positions are eight (no change from the previous year) per post, English medium at 10 (nine last year) per post and Welsh medium at four (four last year) per post. A reduction in median application numbers overall and for English medium while the median number of applications for Welsh medium remains the same at four. This indicates that the number of applications per post overall are reducing.

C32. Projections for pupil numbers suggest secondary pupil numbers will fall by 7,200 overall between 2014 and 2018, before starting to rise again by 2021.

C33. The total number of teacher vacancies in nursery, primary and secondary schools at January 2013 was 86 compared with 93 at the same point in January 2012. The total nursery, primary and secondary vacancy rate in January 2013 was 0.3% compared to 0.4% in January 2012. This data was not collected in January 2014, so these remain the latest published statistics in this respect.

C34. The statistics for advertised vacancies in Wales show that between 1 January and 31 December 2013, 1,021 teacher vacancies were advertised for secondary schools with an average of eight applications received per vacancy.

Annex D: Recruitment to teacher training

D1. Each year the government projects the number of new trainee teachers that will be required over the next five to 10 years to ensure there are enough teachers in the state-funded school system (in England). These estimates are reflected in indicative numbers published[35] by the Department and the NCTL in relation to ITT recruitment.

D2. The overall number of trainee teachers required for the 2014/15 recruitment round, for both the primary and secondary phases, was estimated to be 29,964.

D3. Provisional recruitment data from NCTL's ITT trainee census 2013/14 suggests that we have reached 96% of all required trainees in all secondary and primary programmes.

D4. Table 14 shows recruitment to primary phase against targets for the past three years. The slight shortfall against primary targets represents a small fraction of the overall primary workforce. It is expected that the system can respond to this, since not all trainees progress into teaching and schools can recruit teachers from other avenues. It has recently been announced that bursary support for primary ITT trainees with a first (£9,000) or a 2:1 (£4,000) will continue to be provided in 2015/16.

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

	Entrants	Target	Recruitment rate
2011/12	19,583	19,730	99%
2012/13	20,480	20,840	98%
2013/14	19,820	20,625	96%

Source: **NCTL,** ITT Census updated 3 April 2014

D5. Table 15 shows recruitment to secondary phase broken down by English Baccalaureate subjects. There are some subjects that did not achieve the target numbers in 2013/14.

D6. Each year there are approximately 45,000 new teachers in English state schools. Of these, around half (23,500) are newly qualified teachers (NQTs), a third (14,700) qualified earlier[36], and a fifth (8,200) are returning to teaching[37].

---

[35] www.gov.uk/government/publications/initial-teacher-training-trainee-number-census-2013-to-2014

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

We do not assume that all trainees will complete their training successfully and/or teach immediately in a state school, and that is built into our estimates of the numbers required[38].

Table 14 : Recruitment to ITT courses for English Baccalaureate subjects –percentage of target

Subject	2011/12	2012/13	2013/14 (Provisional[39])
English	109%	114%	128%
Mathematics	101%	89%	90%
Physics	94%	92%	72%
Chemistry	121%	108%	127%
Biology	123%	93%	95%
Modern and ancient languages[40]	95%	103%	83%
Geography	112%	99%	99%
History	119%	121%	143%
Computer science	N/A	N/A	57%

Table 15 : Recruitment to ITT courses broken down by gender 2013/14[41]

Gender breakdown by phase	Provider led	School Direct (Fees)	School Direct (salaried)	Total
Males on primary ITT programmes	20%	25%	28%	21%
Females on primary ITT programmes	80%	75%	72%	79%
Total	**100%**	**100%**	**100%**	**100%**
Males on secondary ITT programmes	38%	37%	40%	38%
Females on secondary ITT programmes	62%	63%	60%	62%
Total	**100%**	**100%**	**100%**	**100%**

Source: **NCTL**, ITT Census 2013/14 updated 3 April 2014

D7. Provisional recruitment figures for 2014/15 will become available when the next ITT Census is published later this year. Recruitment to STEM subjects is always very challenging, especially during a period of economic recovery. In

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

[38] Proportions of new teachers based on School Workforce Census data November 2012.

[39] 2012/13 and 2013/14 recruitment for Physics includes courses designated as physics with mathematics

[40] Compromises modern foreign languages and classics for 2013/14.

[41] Percentages are rounded to the nearest whole percentage. Teach First is excluded.

2014/15 we have undertaken a number of steps to help address some of these issues:

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

In May 2014 we also established the chairs in maths and physics/researchers in schools programme, to support post-doctoral researchers working in schools and training as qualified teachers.

D8. The reforms to teachers' pay that were introduced last September also give schools greater freedom to develop local offers which enable them to attract and retain the good teachers they need. Schools now have greater flexibility to determine what salary they wish to pay new teachers on appointment, as well as greater freedom to decide how quickly their pay progresses over time. This increased flexibility will help schools to address recruitment and retention issues at a local level.

D9. For 2015/16 recruitment we have increased financial incentives and launched a new marketing campaign ('*Your Future, Their Future*'). We are continuing funding for SKE and we will be working with schools to support them to recruit qualified teachers seeking to return to the profession.

ITT allocations 2015/16

D10. Every year, the Department for Education estimates the number of trainees required in each subject, based on a range of factors. Based on these estimates, NCTL allocates teacher training places to accredited ITT providers and to lead schools involved in the School Direct scheme (who have to be partnered with an accredited ITT provider). The initial ITT allocations for the 2015/16 academic year were published on 14 October 2014.

D11. There has been huge interest from schools and providers for ITT places in 2015/16. These allocations are in response to the increasing demand by schools to play a greater role in teacher training. There were almost 24,000 bids from schools for teacher training places this year – a massive 34% increase on last year which shows the growing popularity of School Direct. As a result we have allocated 17,600 places to School Direct, which is an increase of 2,300 places since 2014/15. Larger School Direct partnerships were favoured as they provide better economies of scale and they are more likely to be sustainable year-on-year. We have also provided protection to SCITTs by ensuring individual SCITT providers received at least as many places as they were allocated for 2014/15, so 3,600 places have been allocated to SCITTs.

D12. The expansion of School Direct has meant an overall reduction in HEI places allocated. However, many HEIs are embracing opportunities to engage with School Direct. HEIs will continue to be important players in the delivery of ITT, working with schools to shape and deliver initial training and continuing professional development that more closely matches the needs of the school, its pupils and its teachers.

D13. In allocating places, we have placed great emphasis on quality and only allocated places to good and outstanding lead schools and providers. We have also allocated all hard to fill places so all maths and physics places were allocated and all requests received for maths and physics places throughout the year will be approved. Art, Design and Technology and ‘other’ subjects did not have enough requests for places to meet the TSM projection, so all requests were allocated for these subjects.

D14. Table 16 sets out this year’s allocations by subject and type of place alongside the requests for places.

Table 16 : Summary of requests and initial ITT allocations for the 2015 to 2016 academic year, grouped by allocation subject and type of place[42]

	Places requested			Initial allocations	
Allocations subject	**Provider-led places**	**School Direct places**	**Total**	**Provider-led places**	**School Direct places**
Art and design	436	410	846	444	400
Biology	1,009	735	1,744	869	493
Business studies	275	217	492	236	139
Chemistry	1,028	1,036	2,064	628	732
Citizenship	138	37	175	138	37
Classics	48	7	55	48	7
Computer science	763	730	1,493	728	726
Dance	86	57	143	86	57
Design and technology	689	615	1,304	668	610
Drama	248	316	564	248	199
Economics	50	19	69	50	19
Engineering	16	17	33	16	12
English	1,847	2,138	3,985	876	1,472
Geography	818	759	1,577	480	491
Health and social care	30	19	49	32	19
History	899	836	1,735	399	543
Leisure and tourism	20	1	21	20	1
Mathematics	2,267	2,153	4,420	2260	2,142
Media studies	16	22	38	16	22
Modern languages	1,301	1,031	2,332	1141	670
Music	511	360	871	332	230
Physical education	1,199	901	2,100	829	561
Physics	845	1,021	1,866	829	1,015
Physics with mathematics	254	103	357	244	99
Primary - FD progression	310	2	312	227	0
Primary - FS/KS1	2,726	1,032	3,758	1975	678
Primary - general	15,329	8,341	23,670	10785	5,706
Primary - general (with mathematics)	464	79	543	434	79
Primary mathematics specialist	132	57	189	132	56
Primary PE specialist	186	7	193	0	0
Psychology	100	84	184	100	78
Religious education	632	400	1,032	566	251
Social sciences	71	65	136	71	65
Total	**34,743**	**23,607**	**58,350**	**25,907**	**17,609**

[42] Allocations data accurate to 13 October 2014. Request data accurate to 5 September 2014.

The quality of new recruits 2013/14

D15. The 2013/14 census data shows that the provisional overall proportion of trainees with a 2:1 or higher is 74%. This is a rise of three percentage points on the same result in 2012, and nine percentage points since 2011. The overall proportion of trainees with a first class degree has also risen from 14% to 16%. The proportions of trainees with a 2:1 and with a first class degree are the highest recorded since this data was first collected in 2008/09.

D16. The provisional data in Table 17 indicates that, whilst the overall volume of trainees has reduced, the proportion with a 2:1 or above has continued to increase in 2013/14. The proportion of first year postgraduate trainee teachers that hold a degree classified as 2:1 or higher has improved in all the EBacc subjects between 2011/12 and 2013/14.

Table 17 : Proportion of first year postgraduate trainees with a 2:1 or higher classified degree, 2011/12-2013/14 (updated 3 April 2014) (selected subjects only)

Subject	2011/12	2012/13	2013/14
English	77%	84%	84%
Mathematics	54%	62%	67%
Biology	66%	73%	74%
Chemistry	54%	64%	65%
Physics	45%	62%	65%
Modern and ancient languages	63%	74%	80%
Geography	72%	75%	76%
History	82%	87%	88%
Total Secondary	63%	72%	75%
Primary	67%	70%	73%
Total	**65%**	**71%**	**74%**

Source: **NCTL**, ITT Census updated 3 April 2014

Bursaries and scholarships

D17. The government's ITT strategy: *Training Our Next Generation of Outstanding Teachers*; published in November 2011, proposed new financial incentives, including higher bursaries than in previous years, particularly for trainees with good degrees in subjects where recruitment is traditionally hard. From 2012/13 bursaries have been differentiated to provide a stronger focus on shortage subjects and high quality candidates. Internal analysis undertaken by the DfE in June 2014 demonstrated a link between training bursaries and recruitment to ITT.

D18. In 2015/16 we have increased the value of bursaries for maths, physics, computing, chemistry and languages for trainees with a first from £20,000 to £25,000, reflecting the fact we need to do more to attract the top graduates in these subjects. A new bursary has also been introduced for trainees in Religious Education; £9,000 for a first and £4,000 for a 2:1. In maths and physics we increased bursaries for trainees with a 2:1 to the same level that trainees with a first receive - £20,000. We also increased computing bursaries significantly to be on a par with physics and maths. We introduced a bursary of £9,000 for graduates with good A-Levels in maths or physics who train to teach physics or maths. There was no specified degree class, but they were expected to have a relevant degree and at least a B at A-level. All EBacc subjects, as well as music, continued to receive a bursary, reflecting the importance of those subjects. Table 18 summarises the bursaries available for different trainees in 2014/15.

Table 18: Bursaries and scholarships available to trainees in 2014/15

Training bursary 2014/15[43]	ITT subject/phase					
	Physics maths	**Computer Science**	**Chemistry**	**Languages**	**Other priority secondary[44] & primary**	**Primary maths specialists[45]**
Scholarship[46]	£25,000	£25,000	£25,000	-	-	-
Trainee with first	£20,000	£20,000	£20,000	£20,000	£9,000	£11,000
2:1	£20,000	£20,000	£15,000	£15,000	£4,000	£11,000
2:2	£15,000	£15,000	£12,000	£12,000	£0	£6,000
Other[47]	£9,000	£0	£0	£0	£0	£0

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

[44] Other priority secondary subjects are English, history, biology, geography, music, and design and technology.

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

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

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

D19. Table 20 provides details of performance in 2014/15. Scholarships are designed to recognise the very best applicants who have excellent subject knowledge and outstanding potential to teach. The organisations who award the scholarships set the bar high in their assessment and selection of ITT scholars.

D20. In 2014/15 we increased the value of ITT scholarships to £25,000 for maths, physics, chemistry and computing, reflecting the fact that we need to do more to attract the top graduates in these subjects. All successful scholars are supported by professional bodies through their training and early teaching career. A summary of all the bursaries and scholarships available to trainees in 2015/16 is in Table 19.

Table 19: Scholarships in 2014/15

	2014/15 Scholarships		
Subjects	**Number available**	**Applications**	**Awarded**
Chemistry	180	589	124
Computing	100	422	121
Maths	250	505	150
Physics	150	658	148
Total	**680**	**2,174**	**543**

D21. In addition to increasing the value of bursaries, we are introducing a new bursary of £9,000 for final year undergraduate trainees on maths and physics courses that lead to qualified teacher status (QTS).

D22. There are no changes to bursaries for Primary, English and History; £9,000 for a first and £4,000 for a 2:1. However we have increased bursaries for biology, geography, D&T and music. See Table 20.

Table 20 : Bursaries available to trainees in 2015/16

	Eligibility 2015/16[48]				
		Bursaries			
	Scholarships[49]	Trainee with 1st/PhD	2:1/Masters	2:2	Other[50]
Physics	£25,000	£25,000	£25,000	£15,000	£9,000
Maths	£25,000	£25,000	£20,000	£15,000	£9,000
Chemistry or computing	£25,000	£25,000	£20,000	£15,000	£0
Languages[51]	-	£25,000	£20,000	£15,000	£0
Biology	-	£15,000	£12,000	£10,000	£0
Primary maths[52]	-	£12,000	£12,000	£12,000	£9,000
Geography, design and technology	-	£12,000	£9,000	£4,000	£0
Music	-	£9,000	£4,000	£4,000	£0
English, History, RE, primary	-	£9,000	£4,000	£0	£0

School-based ITT

D23. Table 21 shows the proportion of trainees in 2013/14 who came through the routes recorded in the ITT Census.

[48] Applicants with a degree from outside the UK should refer to the equivalency table (PDF, 1MB) to see if their degree is likely to attract a bursary, or should consult their chosen training provider.

[49] Trainees in maths, physics, chemistry and computing with a 2:1 or above are able to apply for a teacher training scholarship with the appropriate professional body.

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

[51] Bursaries are available to train ti teach modern foreign languages, community languages and ancient languages including Latin and Ancient Greek.

[52] Bursaries are available to trainees on either primary maths specialist courses or primary general (with mathematics) courses. Trainees on other primary courses will be eligible for the standard primary bursary.

Table 21 : Proportion of trainees training through each ITT route 2013/14

	Postgraduate	Undergraduate	Total
Provider lead	**20,690**	**5,840**	**26,530**
of which HEI	18,220	5,840	24,060
of which SCITT	2,470	0	2,470
School lead (*School Direct*)	**6,580**	**0**	**6,580**
of which SCITT	1,080	0	1,080
of which HEI	5,500	0	5,500
Total	**27,270**	**5,840**	**33,110**

Source: **NCTL** ITT Census 2013/14 updated 3 April 2014

Teaching schools and school-based ITT

D24. There are currently 600 teaching schools across 488 alliances. The average size of a teaching school alliance is 20 to 30 schools. Teaching schools lead the school system in training and developing outstanding teachers. Their remit includes both the development of existing teachers through professional development opportunities such as peer-to-peer training and coaching and mentoring, as well as training new teachers.

D25. Teaching schools co-ordinate ITT in schools across their alliance in their role as system leaders, to improve the range and quality of trainees' experience. By 2015, we expect half of all teacher training places to be led by schools, taking into account School Direct places, those allocated to school-centred ITT providers (SCITTS) and Teach First.

School Direct

D26. School Direct was launched as a pilot with the School Direct Training Programme (tuition fee places) in February 2012. The School Direct (salaried) route was introduced in 2013/14, offering employment-based places to career changers.

D27. In 2013/14 some 850 lead schools were involved in School Direct, representing partnerships of around 6,000 schools. Demand from schools is increasing and in 2014/15 911 lead schools were allocated 15,524 places, with 3,919 places requested for the School Direct salaried programme.

D28. Early indications, based on returns from just over half of schools, are that over 90% of those that completed their training on School Direct have found jobs as teachers, with over half being employed within the School Direct partnership.

School Direct (salaried) training and salary grants

D29. NCTL provides training and salary grants to School Direct lead schools to cover training costs for salaried trainees to achieve qualified teacher status (QTS); amounts vary on a regional basis (see Table 22). Additional qualifications such as a postgraduate certificate in education (PGCE) are not funded. School Direct trainees on the salaried route are not eligible for bursaries or scholarships. In 2013/14 School Direct trained 6,580, which is 20% of the total trained (see Table 21).

D30. A £2,000 incentive payment is also available for schools recruiting and employing eligible graduate service leavers. This payment is funded directly by NCTL as part of the Troops to Teachers programme.

Table 22 : School Direct (Salaried) 2014/15 funding, per place, by region

Subject	National	London Fringe	Outer London	Inner London
High priority subjects: (physics; maths; computing; chemistry; languages.	£19K	£20.2K	£22.6K	£23.9K
Other priority subjects: (English; history; biology; geography, music, design and technology.	£14K	£14.9K	£16.6K	£17.6K
Primary (maths specialist)[53]	£16K	£16.9K	£18K	£19K
Primary (non-specialist)	**£14K**	**£14.9K**	**£16.6K**	**£17.6**

2015/16 School Direct salaried funding incentives

D31. Additional grant funding of £6k will be available to schools to support salaries of £21k nationally and £25k in inner London on School Direct (salaried) for trainees in maths, physics or computing.

D32. To reflect bursary changes, the primary maths specialist and specialism grant will increase from £16k to 19k nationally, and grant funding of £14k nationally will be introduced for religious education.

D33. The 10% grant uplift for trainees who spend over 50% of their time in a school with more than 35% free school meals (FSM) has been removed.

School-centred initial teacher training (SCITT)

D34. Some of the best schools are taking on full responsibility for the design and delivery of training by gaining accreditation as a school-led and SCITT provider.

[53] This funding only applies to trainees with at least grade B at A level and who are on primary maths specialist courses.

D35. There are currently 115 ITT providers which are school-led and the school is the legal entity; NCTL is providing further support to schools that wish to become accredited and reduced the accreditation criteria from 34 to 24 following consultation with recent SCITTs to balance the resource required from schools seeking accreditation whilst maintaining quality and financial assurance.

D36. 58 SCITTS are led by teaching schools. Since April 2013, 51 new SCITTS have been accredited. A further 18 new SCITTs are expected to be accredited by December 2014.

Teach First

D37. The government is also continuing to build on Teach First's outstanding record in recruiting top graduates into teaching in challenging schools.

D38. The recruitment target figures in 2009/10 were 560. In 2014/15, 1,387 participants joined the programme, including placements in the Eastern region, giving Teach First a presence in every region in the country and allowing it to place participants in more schools in low income communities. We have announced our support for the programme to reach 2,000 participants annually by 2015/16.

Quality of ITT providers

D39. The Ofsted guidance for inspecting ITT providers focuses on outcomes for trainees as one of the key judgements of the effectiveness of providers. Inspectors consider the attainment and completion rates of trainees; also how well trainees teach and how successful they are in finding employment upon qualification. If an ITT provider receives a 'requires improvement' judgement in its Initial Teacher Education inspection, the allocation of ITT places will be withheld until it receives a good or better judgement in its re-inspection. If a provider receives two successive 'requires improvement' ratings, it will be de-accredited and will no longer be able to participate in ITT.

D40. Ofsted is also working to ensure that ITT providers involve schools fully in their provision. The inspection framework for ITT providers recognises the features of outstanding university/SCITT-school partnerships, where schools are closely involved in the selection of trainees and the design and delivery of training. The allocation of ITT places will prioritise providers that have such arrangements in place so that universities and other providers who demonstrate extensive school involvement and high quality training continue to have a role in ITT.

The Carter Review of ITT

D41. In May 2014 the former Secretary of State for Education, Michael Gove, appointed Sir Andrew Carter OBE, Headteacher of South Farnham School, leader of a SCITT provider and ITT lead on the Teaching Schools Council, to chair an independent review of the quality and effectiveness of ITT courses. The review will look across the full range of ITT courses and will seek views from those involved across the sector to:

- define effective ITT practice
- assess the extent to which the current system delivers effective ITT
- recommend where and how improvements could be made
- recommend ways to improve choice in the system by improving the transparency of course content and methods.

Sir Andrew will make his report to the Secretary of State in December 2014.

Teacher recruitment and training in Wales

D42. The Welsh government has a key role in managing teacher supply for maintained schools in Wales by forecasting demand for newly qualified teachers through the setting of intake targets for recruitment to accredited ITT courses in Wales. The recruitment climate in Wales has not changed significantly in Wales during the past two years. ITT intake numbers have been kept at a steady state following a period of substantial reduction.

D43. Intake targets are set annually based on the forecast of demand for newly qualified teachers. These are notified to the Higher Education Funding Council for Wales (HEFCW), which in turn notifies ITT Centres of their allocation by phase, subject and level of study.

D44. The overall level of ITT intake targets are set annually by the Welsh government in the light of the TPSM for Wales. The TPSM was introduced from 2007/08 following a previous review of ITT in 2006 which recommended that more robust teacher supply modelling should be adopted to better gauge the number of newly qualified teachers required to meet demand for teachers from maintained schools in Wales.

D45. Year on year since 2004/05 overall intake targets have been reduced, based on the outcome of the TPSM and policy considerations, including evidence of significant over supply of qualified teachers. During this time intake numbers have reduced by approximately one third.

D46. Total intake numbers for 2014/15 were as follows:

	Undergraduate	Postgraduate	Total
Primary	300	450	**750**
Secondary	95	785	**880**
Total	**395**	**1,235**	**1,630**

D47. The Minister for Education and Skills has appointed Professor John Furlong as Expert ITT Adviser to the Welsh government. Professor Furlong is undertaking a qualitative analysis of the ITT provision overall in Wales with the view of recommending options for reform of the sector. It is envisaged that the Welsh government will consult on proposals arising from Professor Furlong's analysis in 2015.

Incentives in Wales

D48. The Welsh government offers training incentives to students undertaking postgraduate ITT courses. Incentives are available of up to £20,000 for new eligible students starting postgraduate ITT courses in the 2014/15 academic year in the subjects of mathematics, physics, chemistry and modern foreign languages, Welsh and ICT. Eligible postgraduate students with a first class degree will receive the highest funding levels, with progressively lower amounts for those with a 2.1 or 2.2. Outside of the priority subjects, the Welsh government only offers incentive grants to students with a first class degree (£3,000). Alongside the incentive support for their first class degree (£3,000) a further supplement is offered to primary students whose first class degree is in English, Welsh or mathematics (an additional £2,000).

Employment-based training in Wales

D49. In Wales, the current number of places on employment-based routes is relatively small, around 4% of overall places leading to QTS in Wales. The Welsh government funds a contribution toward the trainee salary costs (£14,500 for 2014/15) and training costs (£4,500 in 2014/15) for a limited number of applications in priority secondary subjects of mathematics, physics, chemistry, modern foreign languages, ICT and Welsh and a £4,500 training grant for primary places. An additional number of unfunded places are available to support existing overseas qualified and further education qualified teachers to gain QTS, and those wishing to train to teach vocational subjects to support the 14-19 local curriculum.

D50. For academic year 2014/15, 60 GTP places were available in Wales. Allocations for GTP places for academic year 2015/16 will be considered following the allocation of mainstream ITT places, depending on the projections from the TPSM.

D51. From academic year 2013/14, places have been available on the Additional Training Graduate Programme (ATGP) in Wales, which is delivered by Teach First. Teach First recruits high quality graduates to work in schools in Wales that have been identified as showing weak performance and progress relative to other schools. Each programme is two years in length with Cohort 1 – 40 places - commencing in academic year 2013/14; Cohort 2 – 50 places – in 2014/15 and Cohort 3 – 60 places – in 2015/16.

Annex E: School leaders

E1. The leadership group in the STPCD covers headteachers, deputy headteachers and assistant headteachers. There is a single leadership pay range which has eight headteacher groups (HTGs)for each of the four regional pay bands. The minimum on the Rest of England and Wales pay band is worth £38,215, and the highest on the Inner London pay band is worth £114,437.

E2. The relevant body determines how the pay of leaders at its school relates to the leadership pay range by assigning the school to one of the eight HTGs, based on the number and age of the school's pupils, and then adopting the three-stage process recommended in the STRB's 23rd Report.

Salaries of school leaders

E3. In November 2013, the average pay of full-time regular qualified school leadership teachers in publicly funded schools in England was £53,400.

E4. Leaders in maintained secondary schools get paid significantly more than their counterparts in maintained primary schools. The average salary of full-time qualified school leadership teachers in primary schools was between £49,200 (Rest of England) and £58,000 (Inner London), compared to £55,600 and £65,200 respectively in secondary schools.

Table 23 : Average salaries of school leadership teachers in primary schools

	Inner London	Outer London	London Fringe	Rest of England
LA maintained nursery and primary	£58,000	£55,100	£50,700	£49,200
Primary Academy sponsor led	#N/A	£53,700	£50,200	£48,000
Primary Academy converter	£60,600	£54,900	£51,400	£49,100

Source: **School Workforce Census**, November 2013

Table 24 : Average salaries of school leadership teachers in secondary schools

	Inner London	Outer London	London Fringe	Rest of England
LA maintained secondary	£65,200	£61,300	£57,700	£55,600
Secondary Academy sponsor led	£63,300	£60,600	£58,000	£55,300
Secondary Academy converter	£64,700	£62,000	£58,600	£56,100

Source: **School Workforce Census**, November 2013

E5. In secondary academy converters, on average leadership pay is higher than in LA maintained secondary schools, except for those in Inner London. For secondary sponsor-led academies the average salary for the leadership group is lower than in maintained secondary schools and converter academies across all the area pay bands except for the London fringe where they are higher than in LA maintained schools.

E6. In primary academy converters, average salaries for the leadership group are slightly lower than those in LA maintained primary schools in outer London and the rest of England, but are higher on average in Inner London and the London fringe. There is an insufficient sample of sponsor-led primary academies in Inner London to make any meaningful comparison with the maintained sector, but sponsor-led primary academies in all the other pay bands are lower than in LA maintained schools.

Age

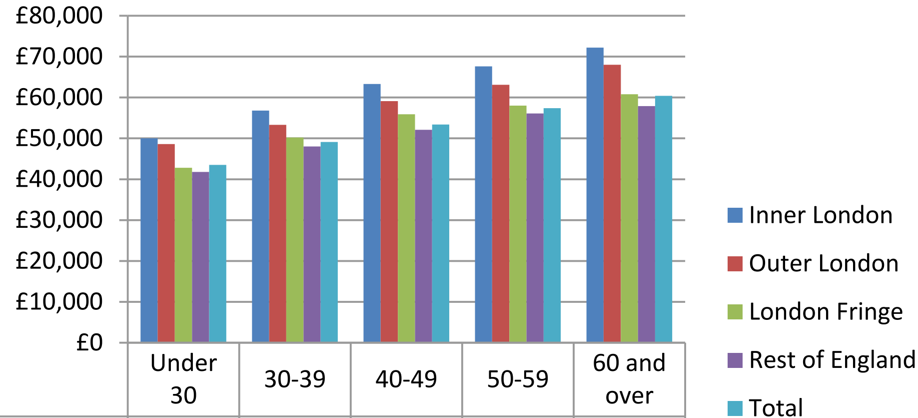
E7. Average salaries of leadership teachers increase with age. Table 25 and Figure 11 show that in all pay bands older school leaders are paid more on average than younger leaders.

Table 25 : Average salaries of full-time qualified school leadership teachers in publicly funded schools, by age

	Inner London	Outer London	London Fringe	Rest of England	Total
Under 30	£50,000	£48,600	£42,800	£41,800	£43,500
30-39	£56,800	£53,300	£50,200	£48,000	£49,100
40-49	£63,300	£59,100	£55,900	£52,100	£53,400
50-59	£67,600	£63,100	£58,000	£56,100	£57,400
60 and over	£72,200	£68,000	£60,800	£57,900	£60,400
All Ages	**£61,900**	**£58,500**	**£54,500**	**£52,100**	**£53,400**

Source: **School Workforce Census**, November 2013

Figure 11 : Average salaries of full-time qualified school leadership teachers in publicly funded schools, by age



	Under 30	30-39	40-49	50-59	60 and over
Inner London	£50,000	£56,800	£63,300	£67,600	£72,200
Outer London	£48,600	£53,300	£59,100	£63,100	£68,000
London Fringe	£42,800	£50,200	£55,900	£58,000	£60,800
Rest of England	£41,800	£48,000	£52,100	£56,100	£57,900
Total	£43,500	£49,100	£53,400	£57,400	£60,400

Source: **School Workforce Census**, November 2013

Headship vacancies

E8. The School Workforce Census shows a very low and stable picture of overall headship vacancies at around 0.2%.

Future demand for leaders

E9. We will be exploring ways to improve data and evidence to support a more effective forecast of leadership demand and supply during 2015/16.

Leadership supply in Wales

E10 The headteacher population in Wales was stable for a number of years at around 1,750 before declining from 1,738 in 2010 to 1,597 in 2014, due mainly to school closures and an increase in headteachers managing more than one school. The age profile of headteachers in Wales continues to get younger, with the proportion of headteachers aged 50 or above falling from 65.2% to 47.4% between 2008 and 2014.

Department for Education

About this publication:
enquiries www.education.gov.uk/contactus
download www.gov.uk/government/consultations

Reference: DFE-00635-2014

Follow us on Twitter: @educationgovuk

Like us on Facebook: facebook.com/educationgovuk