



School Teachers'
Review Body

School Teachers' Review Body

THIRTIETH REPORT – 2020
Executive Summary

Chair: Dr Patricia Rice

THE SCHOOL TEACHERS' REVIEW BODY

Our role

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

The members of the STRB are:

Dr Patricia Rice (Chair)

Sir Robert Burgess

Ken Clark

Harriet Kemp

John Lakin

Lynn Lawrence

Mike Redhouse

Martin Post

Dr Andrew Waller

Executive Summary

Our remit for 2020/21

The Secretary of State wrote in September 2019 to ask us to make recommendations on an assessment of the adjustments that should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole. He asked us, when considering our recommendations, to have regard to his commitment to significantly increase starting salaries by 2022.

The Secretary of State also asked us to make recommendations on: additional advice to schools on the performance-related pay progression pathway for classroom teachers including advisory pay points on the main pay range (MPR) and the upper pay range (UPR); and the role of progression to the UPR and the continued case for separate main and upper pay ranges.

Context to our consideration of the remit

Our consideration of this remit has taken place at a time of major economic and social disruption due to the coronavirus (COVID-19) pandemic. Written submissions were received from our consultees in January and February 2020 and so did not take account of COVID-19, but we had some opportunity to discuss their initial assessment of the potential impacts during the oral evidence sessions that took place between March and May. There is considerable uncertainty about how substantial and long lasting the effects of COVID-19 on the economy will be, but we have considered the available evidence to form an initial assessment.

In the 2019 Spending Round, the Government announced school funding levels for the next three financial years of £47.6 billion for 2020-21, £49.8 billion for 2021-22 and £52.2 billion in 2022-23. These provide the first significant increases in real-terms funding per pupil for many years and are a welcome addition to resources for the schools sector. We recognise that the economic and social impacts of COVID-19 pose substantial challenges for the public finances. However, in our discussions, the Secretary of State confirmed the funding settlement for 2020-21 and the Government's commitment to the published spending levels for 2021-22 and 2022-23.

Our analysis and considerations

An effective education system relies on schools across the country being able to recruit and retain enough high-quality teachers. The teacher pay system must attract both good graduates and career changers to join the teaching profession, support and retain classroom teachers as they develop expertise and gain experience, and support and incentivise those who wish to progress into middle and senior leadership roles. To achieve this, it is important that earnings for teachers are competitive with the graduate labour market at the point of entry to the profession. Furthermore, as they become more experienced, teachers' earnings should remain competitive with those with similar levels of experience in comparable graduate professions. Within the pay system, there should be clarity for teachers on how their careers can be expected to progress and their potential earnings, up to and including moving into leadership positions.

Recruitment and retention

There is a broad consensus among our consultees that action on teachers' pay, alongside tackling issues such as workload and accountability, is necessary to urgently improve teacher recruitment and retention.

Our consideration of the long-term trends confirms that there are severe and persistent problems with teacher supply:

- The overall target for postgraduate initial teacher training (ITT) was missed in the academic year 2019/20 for the eighth successive year, with 89 per cent of the target number of trainees recruited.
- There have been significant problems with recruiting for certain secondary subjects over a number of years, and these have got worse.
- Leaving rates continue to be particularly high for teachers in their first three years in the profession.
- Leaving rates are higher for teachers who completed their newly qualified teacher (NQT) year in London than for the rest of England.
- The numbers of teachers leaving the profession has risen in the age groups of 35 to 44 and 45 to 54.

While the deterioration in retention rates is most marked for teachers early in their career, we are concerned that there are also indications of a growing challenge in retaining experienced classroom teachers and those in leadership roles.

Teacher earnings

The Government accepted our recommendations for uplifts to the MPR of 3.5 per cent in 2018 and 2.75 per cent in 2019. These uplifts have had some positive impact on the competitiveness of the teacher pay framework. However, our evidence shows that teachers' earnings continue to lag behind those for comparable graduate professions. The unions representing teachers and school leaders told us that there had been a significant decrease in the real-terms earnings for teachers at all career stages since 2010, and that this had caused serious and cumulative damage to morale, which has affected recruitment and retention across the profession.

Our evidence shows that:

- Starting pay for teachers remains lower than the median starting salaries offered by graduate employers in the UK. Survey evidence shows that median graduate starting salaries in London were £30,500 in 2019. The median starting salaries in other English regions ranged from £25,000 and £26,500.
- The positions of the minimum of the MPR, the minimum and maximum of the UPR and the minimum of the leadership group pay range have deteriorated relative to the distribution of earnings for those in *professional occupations* (as defined in the Standard Occupational Classification (SOC) 2010) between 2010/11 and 2018/19.
- The median earnings of teachers are below those of the *professional occupations* comparator group in each age band, with the greatest gaps in London.
- Our analysis of data on graduate earnings suggests that the pay progression growth that teachers in areas of England outside London can expect in their first ten years in teaching is on a par with the median earnings growth for all graduates over the same period. However, the typical pay growth for teachers in London over their first ten years is significantly lower than the median earnings growth for all graduates in the capital.

We conclude that for the majority of teachers and school leaders, including those in London, there continues to be a significant gap between their earnings and the levels of pay in other comparable graduate professions.

Consideration of the pay progression profile

The Department made a specific proposal for September 2020 involving a significant increase to starting pay and relatively lower uplifts to the other elements of the national pay framework. It stated that this would have the greatest positive impact on teacher recruitment and retention and that this would be a first step towards establishing a classroom teacher pay structure with a higher starting salary and relatively flatter pay progression by 2022/23. Most of our other consultees strongly opposed this approach, stating that a flatter pay progression structure would have a negative impact on morale and retention for experienced teachers and school leaders.

We can see merit in moving towards a pay structure with higher starting pay and a somewhat flatter pay progression profile. Higher pay for early career teachers should support teacher recruitment and reduce the very high leaving rates for those in their first few years in the profession. Early career leaving rates are highest for teachers in London and applying smaller uplifts to pay levels in London than for the rest of England risks exacerbating these problems. We are also concerned that experienced teachers and school leaders should receive a significant real-terms pay uplift to avoid damage to morale and motivation, which would have possible consequences for teacher retention. In the longer term, it is important that the pay framework provides earnings for experienced teachers that are not out of step with the earnings of those with similar experience in other graduate professions. Research indicates that teachers become more effective in delivering pupil outcomes as they gain in experience. Experienced teachers are also the mentors and role models for teachers in their early career stages and therefore have a very direct influence on the perceptions of teaching as a career. We have considered the pay progression profile with this in mind.

Consideration of advisory pay points

There was consensus among our consultees that reintroducing pay points on the MPR and UPR would have a positive impact on the teacher workforce by providing greater clarity about pay and career progression, and some have made representations about this for several years. Many argued that these pay points should be mandatory. We agree that reintroducing pay points on the MPR and UPR will have benefits for teachers and school leaders. We believe the benefits can be achieved by making these advisory, thereby still providing school leaders and governing bodies with the flexibility to adopt different approaches to pay in their schools in response to local labour market conditions.

Consideration of the MPR and UPR

The Department's submission did not provide a view on whether there should continue to be a separate UPR, or if this could be combined with the MPR into a single classroom teacher pay range. It noted that research indicated there were mixed views at school level about the utility of a separate UPR. Consultees also had mixed views. We have concluded that there are potential benefits to having a threshold in the pay structure for classroom teachers, but a more detailed review is needed to assess how the UPR is working at present and whether its objectives could be better achieved via an alternative approach. As part of any such review, the role of the leading practitioner pay range and teaching and learning responsibility allowances (TLRs) within the pay system would need to be considered.

Potential impact of COVID-19

Short-term economic indicators confirm that economic activity has fallen abruptly, and it is clear that COVID-19 will lead to a significant contraction of the economy with severe consequences for the public finances. It is uncertain how quickly these will recover. The Bank of England expects the unemployment rate to rise to 9 per cent in the second quarter of 2020 and predicts

that consumer prices index (CPI) inflation will fall to zero by the end of 2020 with average earnings growth for 2020 falling to -2.0 per cent.

The impact of COVID-19 on the graduate labour market may be expected to ease the pressures on teacher supply in the short term through improved recruitment and retention. But the demand for graduates and the wider labour market would be expected to recover fully in the medium term, at which time teacher supply problems are likely to re-emerge unless action is taken. There is an opportunity to secure a significant improvement in the competitiveness of the teacher pay framework over the next two to three years. By so doing, we can ensure that the teaching profession is better placed to attract high-quality graduates and retain good teachers both now and when the labour market recovers.

Our conclusions and recommendations

For September 2020, we recommend the minimum of the MPR is increased by 5.5 per cent. We recommend that the maximum of the MPR and the minima and maxima of all other pay and allowance ranges for teachers and school leaders are uplifted by 2.75 per cent. We recommend that these uplifts apply to all four regional pay bands.

For September 2020, we recommend advisory pay points are reintroduced on the MPR and UPR. This report provides our recommendations on the levels of these pay points for 2020/21.

Our recommendations, if implemented, would represent a significant real-terms increase to all parts of the teacher pay framework, thereby boosting its competitiveness and benefiting all of the teaching profession.

Schools will see an increase in their funding for the financial year 2020-21, with further increases in 2021-22 and 2022-23 set out as part of the 2019 Spending Round settlement. Given the extent of the challenges in teacher supply, we consider that schools should place significant priority on teacher pay when setting their budgets. What this will mean for individual schools, however, will vary considerably and it is for school leaders and governing bodies to make decisions on this taking account of their individual circumstances.

Looking ahead

We are conscious of the very significant uncertainties about the future state of the labour market and wider economy as a result of COVID-19. It is also unclear how schools will need to operate in the next academic year, and the demands that this might impose on teachers and school leaders. We will therefore need to evaluate the case for further increases to starting pay, and any changes to the pay progression profile for 2021/22 and 2022/23, in the light of the evidence available at that time.

We also believe that there would be benefit in looking in more detail at the role of the UPR and how such a pay threshold should operate alongside consideration of how to better align the pay structure with the key stages of teachers' careers. There is also a case for reviewing elements of the pay structure for school leaders in the coming years. The STRB would welcome the opportunity to consider these issues in the near future.

