



School Teachers'
Review Body

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TWENTY-NINTH REPORT – 2019

Chair: Dr Patricia Rice



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Twenty-Ninth Report – 2019

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

July 2019



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TERMS AND ABBREVIATIONS

Consultee organisations which made representations and provided evidence to the STRB

ASCL	Association of School and College Leaders
BATOD	British Association of Teachers of the Deaf
The Department	Department for Education
NAHT	National Association of Head Teachers
The NASUWT	
NEOST	National Employers' Organisation for School Teachers
The NEU	National Education Union
NGA	National Governors' Association
Secretary of State Voice	Secretary of State for Education

Other

ASHE	Annual Survey of Hours and Earnings
BAME	Black, Asian and minority ethnic groups
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
DLHE	Destination of Leavers from Higher Education
EBacc	English Baccalaureate
EPI	Education Policy Institute
ESFA	Education and Skills Funding Agency
FTE	Full-time Equivalent
GDP	Gross Domestic Product
HESA	Higher Education Statistics Agency
HMT	Her Majesty's Treasury
IFS	Institute for Fiscal Studies
ISE	Institute of Student Employers (formerly Association of Graduate Recruiters (AGR))
ITT	Initial Teacher Training
LA	Local Authority
MPR	Main Pay Range
NFF	National Funding Formula
NPQ	National Professional Qualification
NQT	Newly Qualified Teacher
OBR	Office for Budgetary Responsibility
OECD	Organisation for Economic Co-operation and Development
Ofsted	Office for Standards in Education, Children's Services and Skills
OME	Office of Manpower Economics
ONS	Office for National Statistics
PGCE	Postgraduate Certificate in Education
QTS	Qualified Teacher Status
RPI	Retail Prices Index
School Direct	ITT based in schools
SCAPE	Superannuation Contributions Adjusted for Past Experience

SCITT	School-Centred Initial Teacher Training
SENCO	Special Educational Needs Coordinator
SOC	Standard Occupational Classification
STPCD	Department for Education (2018) School Teachers' Pay and Conditions Document and Guidance on School Teachers' Pay and Conditions
STRB/Review Body	School Teachers' Review Body
SWC	School Workforce Census
Teach First	ITT provider
TLR	Teaching and Learning Responsibility allowance
TPS	Teacher Pension Scheme
TSM	Teacher Supply Model
UCAS	Universities and Colleges Admissions Service
UCAC	Undeb Cenedlaethol Athrawon Cymru
UPR	Upper Pay Range

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THE SCHOOL TEACHERS' REVIEW BODY

Our role

The School Teachers' Review Body (STRB) was established in 1991 as an independent body to examine and report on such matters relating to the statutory conditions of employment of school teachers 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. The current legal foundation for the function and work of the STRB is Part Eight of the Education Act 2002. In its previous reports, the STRB made recommendations about teachers in England and Wales. The responsibility for pay and conditions of teachers in Wales was devolved in September 2018, so the STRB now makes recommendations on teachers in England only. 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

Mike Redhouse

Dr Andrew Waller

Jeanne Watson

Executive Summary

In November 2018, the Secretary of State asked us to make recommendations on: *an assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole.* He asked us, when considering our recommendations, to have regard to: ensuring affordability across the school system as a whole; the national state of teacher and school leader supply; the wider state of the labour market in England; forecast changes in the pupil population and the level of demand for teachers; and the Government's commitment to increasing autonomy for schools on pay. The remit letter stated that the School Teachers' Review Body (STRB) should set out in its report what consideration it had given to targeting and affordability.

The unions representing teachers and school leaders told us there should be a substantial uplift in teachers' pay in September 2019 as part of a longer-term process to restore the value of teachers' salaries. Four of these organisations submitted a joint statement proposing a pay increase of 5% for all teachers and school leaders. Most of these unions and the organisations representing local authorities and school governors stated that the Government should fully fund any pay uplift. The Department did not make any specific proposals on the level of pay uplift for teachers but stated that a 2% increase in per teacher pay was affordable nationally. The Secretary of State told us that we should not assume that any additional funding would be provided to schools by the Government for teachers' pay from September 2019.

Our analysis and considerations

An effective education system that delivers excellent pupil outcomes depends on having high-quality teachers and school leaders. The national pay framework must therefore support initial teacher recruitment, motivate and retain experienced teachers, and provide a career pathway with incentives to progress into leadership roles. Our role is to position the national pay framework within the graduate and wider labour market to achieve these objectives.

Recruitment and retention

This year the evidence shows that the teacher supply situation has continued to deteriorate, particularly for secondary schools. This has affected teachers at all stages of their careers:

- The Government's target for recruitment to postgraduate Initial Teacher Training (ITT) was missed in 2018/19 for the seventh successive year. There has also been a marked decline in the number of overseas teachers being awarded Qualified Teacher Status (QTS).
- Retention rates for teachers in the early years of their careers have continued to worsen, a trend that we have noted for several years now.
- There is also evidence that retention rates are starting to deteriorate for experienced teachers, and there has been a marked increase in the number of teachers aged over 50 leaving the profession.
- Retention rates for head teachers have fallen in recent years and our consultees report that it is increasingly difficult to attract good quality applicants to fill leadership posts at all levels. We have heard similar concerns from some of those we spoke to during our school visit programme.

Taken together, these trends paint a worrying picture. This is all the more concerning as increasing pupil numbers mean that there will be a need for more teachers in coming years, particularly in the secondary phase and for English Baccalaureate (EBacc) subjects.

We welcome the Department's publication of its *Teacher Recruitment and Retention Strategy*. The proposals it sets out, if implemented, should help address these problems in teacher supply. However, complementary action on pay is vital.

Teacher earnings

The Government accepted our recommendation for a 3.5 per cent uplift to the Main Pay Range (MPR) from September 2018. We welcome this decision, which improved the competitiveness of teacher starting pay. However, our evidence shows that teachers' salaries continue to lag behind those available in other graduate professions:

- Median starting salaries for other graduate careers remain higher than those for teachers in most areas of England, and the earnings of experienced teachers are lower than those available in other *professional occupations*.
- Over the last decade, the position of the national teachers' pay framework in the earnings distributions for both *professional occupations* and the wider economy has deteriorated. In other words, more people in more occupations are becoming better paid than teachers.

We conclude that this steady decline in the competitiveness of the teachers' pay framework is a significant contributor to teacher supply difficulties. Until it is reversed, these difficulties will continue.

Consideration of affordability

The Secretary of State's remit letter asked us to ensure that our recommendations are affordable across the school system as a whole. In its submission, the Department reported that its assessment indicated that there could be an increase in per teacher pay of 2 per cent, nationally and overall, before schools faced real-terms cost pressures. We carefully considered this assessment and the other evidence available on school funding and finances. We have made no assumptions about additional funding being provided to schools by the Government from September 2019.

We appreciate the Department's evidence. However, it is very difficult to make a meaningful assessment of affordability at a system-wide level:

- There is considerable variation in schools' financial situations, which limits the weight that can be placed on national averages.
- Cost pressures are not necessarily synonymous with affordability, as school leaders and governing bodies have autonomy over school budgets and will set their priorities and allocate funds accordingly.
- School leaders and governing bodies also have autonomy with respect to the pay arrangements within their individual schools. Their decisions will affect the overall system-wide impact.

Any assessment of affordability also needs to take into account the costs imposed on the system of not recruiting and retaining enough teachers. Failing to prioritise teacher supply through an investment in pay may lead to financial savings in the short term, but these are likely to be outweighed by additional costs and reduced productivity across the education system in the longer term.

Consideration of targeting

The remit letter also asked us to outline what consideration had been given to targeting. We noted the following points:

- With ITT targets repeatedly missed and the demand for teachers forecast to rise, the pay framework still needs to support recruitment to the profession.
- A focus on pay for early career teachers, at the expense of those on the upper or leadership pay ranges, risks being ineffective even in its own terms. Those considering joining the profession, and particularly career changers, look ahead at their possible future earnings, as well as at starting pay.
- We also have significant concerns about declining retention rates for experienced teachers, who have a key role in supporting pupil outcomes and mentoring new recruits. Reducing the leaving rates of these teachers is an essential part of any strategy to achieve well-staffed schools, not least by reducing the pressures to recruit new entrants.
- The evidence about the recruitment and retention of school leaders suggests their position is deteriorating. We heard on our school visits and from our consultees concerns about narrowing pay differentials reducing the incentives for career progression.

Overall, while in previous years we have recommended some targeting of early career teachers, we do not think that this is the right approach for this round. On visits, we were struck by how negatively many school leaders and senior staff viewed the Government's targeted approach to uplifts last year. If the most experienced teachers believe they are being repeatedly disadvantaged in order to direct resources towards the newest recruits, this will not create a good environment for the retention of teachers at any stage of their careers.

Our conclusions and recommendations

For September 2019, we recommend that all pay and allowance ranges for teachers and school leaders are uplifted by 2.75%.

Our key considerations in making this recommendation are:

- The state of teacher recruitment and retention has continued to get worse, while rising pupil numbers will increase the challenges in the coming years.
- A decade of relative decline has taken the teachers' national pay framework too low in relation to the graduate labour market and the wider economy.
- The costs of this are already being carried by schools all over the country, who are finding it harder to recruit and retain teachers and risk becoming less effective.
- Without action this year to improve the competitiveness of the teachers' pay framework, there will be further deterioration in the state of teacher supply.
- The median value of pay settlements across the economy was 2.5 per cent, and the upper quartile in the distribution of pay settlements was 3 per cent in the year to March 2019.
- There is a context of heightened economic uncertainty and the need to consider affordability.

Under the current pay system, it will be for school leaders and governing bodies to determine how to implement, in their individual schools, the changes to the School Teachers' Pay and Conditions Document (STPCD) arising from our recommendations.

Looking ahead

Our recommendations will be a step towards improving the position of the teachers' pay framework in the wider labour market. More will be necessary over the period of the next Spending Review. We appreciate that much will depend on developments in the wider economy. However, investment is essential to underpin teacher supply across England.

In his remit letter, the Secretary of State indicated that he planned to set the STRB a further remit to consider reforms to the pay structure for classroom teachers to ensure that the pay framework provides a clear career pathway, meets current challenges and provides an attractive offer for teachers at all career stages. The evidence we have considered this year highlighted a number of structural issues with the current pay framework and reinforces our views that such a consideration of the classroom teachers' pay structure is required if we are to get maximum value from the money spent on teachers' pay. We look forward to further discussion of this with the Department. We also see evidence of some issues with the pay framework for school leaders which, in the longer term, may need to be reviewed.

CHAPTER 1

Introduction and background to the remit

Introduction

1.1 The School Teachers' Review Body (STRB) is an independent body that advises the Prime Minister and Secretary of State for Education on the pay and conditions of school teachers in England. The role of the STRB, as specified in the Education Act 2002, is to consider matters referred to it by the Secretary of State and then submit a report making recommendations. We received a letter from the Secretary of State on 21st November 2018 that asked us to make recommendations on:

An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole.

1.2 This remit letter (at Appendix A) asked us to provide recommendations by May 2019. It stated that the STRB should have regard to five considerations when making its recommendations:

- The need to ensure that any proposals are affordable across the school system as a whole;
- Evidence of the national state of teacher and school leader supply, including rates of recruitment and retention, vacancy rates and the quality of candidates entering the profession;
- Evidence of the wider state of the labour market in England;
- Forecast changes in the pupil population and consequent changes in the level of demand for teachers; and,
- The Government's commitment to increasing autonomy for all head teachers and governing bodies to develop pay arrangements that are suited to the individual circumstances of their schools and to determine teachers' pay within the statutory minima and maxima.

1.3 The remit letter also stated that our report should set out what steps we had taken to ensure affordability was given due consideration when reaching our recommendations and what consideration we had given to the targeting of pay awards.

1.4 This chapter sets out the context to our consideration of this remit, explains our approach to conducting this review and outlines the structure of this report.

Background and context

The teachers' pay system

1.5 The current system for teachers' pay was introduced by the Government in line with recommendations made in the STRB's 21st and 23rd reports (published in December 2012 and February 2014 respectively). The role of the STRB in this system is to advise on the national pay and conditions framework that applies to teachers and school leaders in local authority maintained schools in England. This framework is set out in the School Teachers' Pay and Conditions Document (STPCD). This document specifies the statutory minima and maxima of the pay and allowance ranges for teachers and school leaders. The STPCD also specifies that pay progression must be linked to an annual appraisal of

performance. Alongside this, the STRB maintains that good teachers should be able to expect to progress to the maximum of the main pay range (MPR) in around five years. The Government has consistently endorsed this expectation.

- 1.6 Within this national pay framework, school leaders and governing bodies are responsible for setting pay policies for their schools. These policies establish a pay structure for the school and specify the processes for setting pay for individual teachers and making pay progression decisions. Since 2015, there have been no statutory points between the minima and maxima of pay ranges. However, most schools have chosen to retain pay points in their local policies, and some local authorities and teacher unions publish pay ranges with advisory scale points each year.

Devolution of teachers' pay and conditions in Wales

- 1.7 In all of our previous reports, the STRB made recommendations about teachers in England and Wales. This was because the UK Government was responsible for setting the pay and conditions of teachers in both countries. In September 2018, the responsibility for the pay and conditions of teachers in Wales was devolved to the Welsh Government under the Welsh Ministers (Transfer of Functions) Order 2018. The Welsh Education Secretary announced a new system for setting pay and conditions for teachers in Wales in July 2018. This process does not involve the STRB, so the recommendations of the STRB will no longer apply to teachers in Wales. As a result, we no longer consult the Welsh Government and the organisations that represent teachers and governors in Wales alone: Undeb Cenedlaethol Athrawon Cymru (UCAC) and Governors Wales.

28th report

- 1.8 Our 28th report (July 2018) was produced in the context of a change in the Government's public sector pay policy. The 1 per cent limit on public sector pay awards was removed and the Government instead recognised that more flexibility may be required in some areas of the public sector, particularly in areas of skill shortage. Alongside this, the Government emphasised that there was still a need for pay discipline to ensure the affordability and sustainability of public services. In our report we concluded that there had been a further deterioration in teacher recruitment and retention and there were emerging problems in the recruitment and retention of school leaders. The evidence showed that teachers' pay continued to lag behind other graduate professions in terms of both starting pay and progression prospects. We considered that these pay trends were an important factor contributing to the problems in recruitment and retention and needed to be addressed as a matter of priority to maintain an effective workforce of good teachers. As a result, we recommended that all pay and allowance ranges for teachers and school leaders should be uplifted by 3.5 per cent from September 2018. Having considered our recommendation, the Government determined that it would uplift the main pay range (MPR) and unqualified teacher pay range by 3.5 per cent, the upper pay range (UPR), the leading practitioner pay range and all allowance ranges by 2 per cent and the leadership group pay ranges by 1.5 per cent.
- 1.9 In order to formulate the recommendations we made in our 28th report, we gave careful and detailed consideration to all the evidence available. We believe that we presented a clear and compelling case for a 3.5 per cent uplift to all pay and allowance ranges. Our recommendations were for uplifts to the national pay framework, and it remained a matter for school leaders and governing bodies to determine changes to the pay of their individual teachers in accordance with their schools' pay policies. In response to our recommendations, the Government implemented 3.5 per cent uplifts to the MPR and the unqualified teacher pay range. We welcome this as an important step in improving the competitiveness of the teachers' pay framework to maintain a high-quality workforce and ensure excellent pupil outcomes. However, we were disappointed that the Government

chose a different approach in relation to the uplifts to the other elements of the pay and allowance framework. The analyses and recommendations presented in this report are based on the pay and allowance framework set by the Government for September 2018 and the current evidence available about the teacher workforce.

- 1.10 Our 28th report was submitted to the Prime Minister and the Secretary of State for Education on 18th May 2018. The report was published by the Government on 24th July 2018 and the Secretary of State announced the Government's response in a Written Ministerial Statement on the same date. In this statement, the Secretary of State also announced that the Government would support schools in the implementation of the award through a new Teachers' Pay Grant. The grant was intended to cover the difference between the expected cost of the pay award and the 1 per cent award that many schools would have anticipated under the previous public sector pay policy. It provided schools with additional funding of £187 million in 2018-19 and £321 million in 2019-20 from the existing Department for Education budget.

Context to the current pay round

- 1.11 In his letter setting the remit for this report, the Secretary of State noted that he planned to provide the STRB with a further remit to:

...ask for recommendations on how the teacher pay framework can be further reformed to ensure it is providing a clear career pathway for classroom teachers, is suitably differentiated to meet current challenges and how remaining rigidities can be reformed to create a more attractive offer for teachers at all career stages.

- 1.12 The Department published its *Teacher Recruitment and Retention Strategy*¹ in January 2019. The strategy outlined a number of key actions that the Department will take in the coming years with the aim of ensuring that careers in teaching are attractive, rewarding and sustainable. This includes establishing a new Early Career Framework for the teaching profession. This document also reiterated the Department's plans to provide a further remit to the STRB asking it to comprehensively review the pay framework to support more flexible and rewarding career pathways for teachers and creating a more attractive offer for teachers at all career stages.
- 1.13 We have treated the further remit as a separate matter and we asked consultees to focus on the current remit in the evidence and representations that they submitted to us. This report will therefore focus on evidence and consultees' views relating to uplifts to pay and allowance ranges for September 2019 only.
- 1.14 Our consideration of the current remit should also be seen in the context of recommendations made and analyses presented by the STRB in its recent reports. The conclusions we reached in our 28th report (July 2018) are set out above in paragraph 1.8. Our 26th report (July 2016) and 27th report (July 2017) both expressed concerns about the trends in teacher recruitment and retention and the position of teachers' earnings relative to those of other graduate professions. In our 26th report, we concluded that the evidence presented a strong case for uplifts in excess of 1 per cent. However, we noted serious concerns about schools' readiness to manage the costs of a higher pay award. In light of this, we recommended 1 per cent uplifts to all pay and allowance ranges but made it clear that, if trends in relation to recruitment and retention continued, we expected that uplifts of significantly more than 1 per cent would be required to ensure that teachers' pay remained competitive. In our 27th report, we concluded that action was required to make the teachers' pay framework more competitive. Taking account of the Government's 1 per cent pay policy at the time, the financial position for schools and the context of economic uncertainty, we decided that higher uplifts

¹ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

should be targeted where teacher supply challenges were most acute. As we were particularly concerned about the recruitment and retention of early career teachers, we recommended a 2 per cent uplift to the MPR. We also considered it necessary to uplift all other pay and allowance ranges by 1 per cent. In addition, the report stated that it was likely that further uplifts of more than 1 per cent would be required in the future to enhance the status of the profession and make pay more competitive for teachers at all stages of their careers. The recommendations of both of these reports were accepted by the Government.

Our approach to the review

- 1.15 After receiving the current remit in November 2018, the STRB invited its statutory consultees², including the Secretary of State, to submit written representations. We also provided consultees with an opportunity to comment on each other's written submissions. We then held oral evidence sessions with consultees. During these sessions, we asked questions to representatives of each consultee organisation to understand their views on the matters we were asked to consider. We also challenged and probed consultees on points presented in their written submissions and sought their views on those submitted by other consultee organisations. We conducted oral evidence sessions with: the Department, including the Secretary of State; teacher and head teacher unions and associations; employer representatives; and school governor representatives. Chapter 2 sets out the main points made by our consultees in their written and oral representations. Where consultees published their full submissions online, we provide links in Appendix B.
- 1.16 We invited consultees to submit their initial written representations and evidence by 16th January 2019. In early January, officials from the Department informed us that they would not be able to meet this deadline. We therefore decided to extend the deadline for all consultees to 30th January. This had an impact on the timescale for the rest of the pay round and meant that our report was submitted to the Government on a later date than we had originally planned. A submission from BATOD was received on 13th February, after this revised deadline. After consideration, the STRB decided that it would accept and consider this submission. The late receipt meant that BATOD could not participate in the process of submitting supplementary evidence, but its submission was shared with other consultees who had an opportunity to provide comments during oral evidence sessions.
- 1.17 Alongside representations received from our consultees, the STRB explored other sources of evidence about the teaching workforce. The reports and publications that we considered are cited throughout this report. As in previous years, we carefully examined data on the recruitment and retention of teachers, the wider labour market for graduates, and teachers' earnings in comparison to those of other graduate professions. This evidence is set out fully in Chapter 3, along with a range of data on earnings and pay settlements across the labour market as a whole and evidence on school funding and finances.
- 1.18 Throughout this report, we have structured our analyses to focus on the three main career stages for teachers. The three career stages we have considered are:
- **Early career teachers:** those undertaking Initial Teacher Training (ITT), Newly Qualified Teachers (NQTs), and teachers in their first five years in the profession, who would typically be on the Main Pay Range (MPR).

² An obligation to consult with the Secretary of State and other relevant bodies is placed on the Review Body by section 121 of the Education Act 2002. The individual organisations which we consulted are listed in Appendix B.

- **Experienced teachers and middle leaders:** classroom teachers who have been in the profession for more than five years, many of whom are on the Upper Pay Range (UPR). This also includes those who have taken on additional responsibilities that are rewarded through Teaching and Learning Responsibility (TLR) allowances.
- **School leaders:** teachers in senior leadership roles, such as deputy and assistant heads, and head teachers. These teachers are on the Leadership Group pay range.

1.19 The STRB's role is to make recommendations relating to the STPCD. The STPCD applies to teachers and school leaders in local authority maintained schools in England, so most of the analyses contained in this report focus on these schools and the teachers who work in them. However, teachers move between academies and local authority maintained schools and, while not required to do so, many academies follow the provisions of the STPCD. Some information relating to academy schools and the teachers that work in them will therefore be relevant to the STRB. As a result, this report includes some analyses of data relating to the academy sector.

1.20 Each year, the STRB undertakes a programme of school visits. We speak to teachers, trainee teachers, school leaders, local authority officials and Initial Teacher Training (ITT) providers across the country to seek their views on matters such as recruitment and retention, teachers' earnings compared to other professions, the structure of the pay framework, workload and morale. This provides invaluable input that enhances our understanding of the context to our work and the impact that it has. We formally record our thanks to those schools, universities, local authorities and other organisations we visited this year (listed in Appendix B). The main findings of the visits we undertook in the summer and autumn of 2018 are set out in Appendix C.

The structure of this report

1.21 This report provides our recommendations in respect of the matters referred to us by the Secretary of State, and the evidence base and rationale for our decisions. Its structure is as follows:

- Chapter 2 summarises the written and oral representations made by the Department and our other statutory consultees on this remit.
- Chapter 3 presents data on the teacher labour market, including our detailed analyses of teacher and wider graduate earnings. It also presents evidence on school funding and finances.
- Chapter 4 sets out our consideration of the matters relevant to teachers' pay and conditions. It then presents our conclusions and recommendations on the remit.
- Chapter 5 provides our broader observations on matters relevant to teachers' pay and conditions that are outside the STRB's remit for this current report.

CHAPTER 2

Overview of the representations from the Department and consultees

- 2.1 This chapter summarises the written and oral representations made by the STRB's consultees in relation to this remit. It covers:
- General points on the remit and our 28th report (July 2018);
 - The economic and labour market context;
 - Teacher earnings and position in graduate labour market;
 - Teachers within their first five years in the profession;
 - More experienced classroom teachers and those in middle leadership roles;
 - Teachers in senior leadership roles, such as deputy and assistant heads, and head teachers;
 - Affordability and schools' financial resources;
 - The teachers' pay system and schools' use of pay flexibilities;
 - Targeting of pay uplifts; and,
 - The 2019/20¹ pay award.
- 2.2 Within each section, we have set out the main points made by the Department for Education, followed by a summary of the points made by other consultees. This chapter then sets out the main conclusions reached by the Review Body about the representations it has received.

The remit and the STRB's 28th report

The Department's views

- 2.3 The Department's submission stated that its remit letter had highlighted the importance of the STRB focusing on how the pay award can best address recruitment and retention challenges and attract high quality teachers to the profession and support their career progression. It also noted it had asked the Review Body to take full account of affordability across the school system as a whole.
- 2.4 The Department's submission asserted that the Government's response to the STRB's 28th report and to the recommendations of other public sector pay review bodies in July 2018 resulted in the biggest pay rise in almost 10 years for around one million public sector workers. The Department noted that the STRB's 28th report had set out the expectation that it was for schools to use their autonomy and specify in their pay policies how they intended to deal with any uplifts to the national framework. It stated that the Government's view was that a similar approach should be taken in any recommendations this year. During oral representations, the Secretary of State told us that he had not accepted the recommendations of the STRB's 28th report in full as, fundamentally, the Government could not afford to do this. In the context of the need to recruit more teachers in the coming years in response to growth in pupil numbers, he had decided to focus on early career teachers in the pay award. The Secretary of State also told us that the Teachers' Pay Grant had been provided in recognition of the unique circumstances of

¹ Throughout this report, dates in the format '2019/20' refer to the academic year (September to August). Dates in the format '2019-20' refer to the financial year (April to March).

the 2018 pay award, particularly noting that this was the first year after the Government had ended its 1 per cent public sector pay policy and many schools would have set their budgets assuming a 1 per cent pay uplift. He stated that this should not be seen as setting a precedent that funding would be provided for future pay awards.

- 2.5 Having taken account of the comments from other consultees about the impact of publishing the STRB's 28th report in late July 2018 (set out in paragraph 2.8 below), we asked the Secretary of State during his oral representations session about the timing of the publication of future reports. The Secretary of State accepted that the timing of the Government's announcement last year had been challenging for schools. He stated that the delay was due to it being the first year after the Government ended its 1 per cent pay policy, which meant that cross-Government consultation was required about the response. He told us he planned to publish the 2019 report and announce the Government's response at an earlier point in the year.

Consultees' views

- 2.6 Many consultees commented on the remit, particularly in relation to the requirement that the STRB have regard to the need to ensure that any proposals were affordable across the school system as a whole. Several asserted that this focus on affordability would constrain the Review Body and urged the STRB to make recruitment and retention issues its primary consideration. For example, Voice called upon the Review Body to "recommend on the basis of evidence on the state of teacher supply rather than in response to instructions regarding affordability." The NEU asserted that the remit letter inappropriately attempted to constrain the Review Body in regard to affordability as the resourcing of the education system was the responsibility of the Government. Consultees also contended that the STRB was not in a position to meaningfully assess affordability, with several noting that funding for the last five months of the 2019/20 academic year was a matter to be determined in the upcoming Spending Review. The NASUWT asserted that this placed statutory consultees and the Review Body in an impossible position as they would not be able to "comment fully" on affordability.
- 2.7 Written submissions from consultees also addressed the Secretary of State's response to our 28th report. A joint statement from ASCL, NAHT, the NEU and Voice asserted that the Secretary of State's decision to depart from the STRB's recommendations was "deeply damaging". The NASUWT stated that the Secretary of State's decision had led to "deepening anger and demoralisation across the teaching profession". NEOST expressed disappointment at the decision to differentiate the pay award. The unions representing school leaders raised concerns about the impact of the decision to apply the smallest value of uplift to the school leadership pay groups. For example, ASCL contended that this would further exacerbate recruitment and retention issues in relation to school leaders. Consultees were also critical of how the Government announced the 2018 pay award, with NAHT asserting that the Government's statement provided no rationale or explanation for not implementing the STRB's recommendations in full. A number of consultees called on the STRB to address the Government's decision and its impact in this report. For example, the NEU stated that the Review Body must give consideration to the damaging impact of the Secretary of State's decision.
- 2.8 Most of our consultees raised strong concerns about the timing of the publication of the STRB's 28th report and the announcement of the Government's response. Several noted that the report was published just before the school summer holiday, contending that this made implementation more challenging and had a negative impact on teacher morale. The joint submission from four unions asserted that the delays in publication in recent years had been deeply damaging to the profession, while the NASUWT claimed that the Government's actions should be seen as "contempt" towards teachers and the STRB itself. Several consultees urged us to raise these delays and their impact in our

current report. For example, NEOST asked us to seek reassurance that the STRB report would be published by the Department as soon as possible to enable the 2019 version of the STPCD to be published well before the school summer holiday.

Economic and labour market context

The Department's views

2.9 The Department's submission stated that the Government continued to take a "balanced approach" to public spending and that it was important that pay awards were considered within this wider fiscal picture. It then provided its assessment of the economic and fiscal context to the pay round. The submission asserted that the UK economy had solid foundations but noted that the forecast for productivity remained subdued in the medium term and that continued improvement in public sector productivity was essential. The Department stated that the Government had made significant progress in restoring the public finances to health since 2010 but that fiscal discipline must continue as debt remained too high. It reported that total employment in the UK had reached a record high in the three months to October 2018 with 32.5 million people in work and that the Office for Budget Responsibility (OBR) had forecast that this would rise to 33.2 million by 2023. The Department also reported that both public and private sector total wage growth in the three months to October 2018 were above the Consumer Prices Index (CPI) rate of inflation at 2.7 per cent and 3.4 per cent respectively but noted that average earnings growth was forecast to remain below the pre-crisis average. The Department's submission also asserted that public sector pay remained competitive, calculating the median full-time public sector wage to be £31,414, compared to the median full-time private sector wage of £28,802. It stated that the STRB should consider the total reward package of public sector workers when formulating its recommendations, including progression pay, allowances and pensions, and contended that public service pension schemes were among the best available and significantly above the average value of pension provision in the private sector.

Consultees' views

- 2.10 Other consultees made a number of points in their written submissions about the wider economic context, particularly in relation to the Government's fiscal policy, the state of the wider labour market and inflation. Several consultees noted that the Prime Minister and Chancellor had announced in speeches in 2018 that austerity was coming to an end and asserted that the emphasis placed on affordability in the remit letter contradicted this claim.
- 2.11 A number of consultees suggested that the state of the wider labour market presented a challenging context in which to recruit and retain teachers. Voice noted that research by the Higher Education Careers Service Unit concluded that the UK graduate labour market remained robust. The NASUWT reported that research by High Fliers² indicated that demand for graduates was high and rising and that a survey conducted by the British Chambers of Commerce indicated that the recruitment landscape in the wider economy was becoming increasingly competitive. The NEU reported that the Bank of England's assessment in December 2018 was that the labour market remained tight, with the employment rate picking up and pay growth stronger than expected.
- 2.12 The NASUWT and the NEU addressed inflation in their written submissions, with both contending that the Retail Price Index (RPI) was the most appropriate measure of inflation in relation to teachers' pay. The NEU asserted that RPI was widely recognised as the appropriate measure for the purposes of tracking the real value of wages. The NASUWT

² High Fliers Research (2019) *The Graduate Market in 2019* – https://www.highfliers.co.uk/download/2019/graduate_market/GMReport19.pdf

contended that RPI was used by a majority of employers when calculating pay awards and noted that RPI, rather than CPI, was used to calculate interest on student loans, the repayments of which were a significant area of expenditure for teachers early in their careers. The NEU and the NASUWT both also noted that RPI inflation remained high – for example, 3.3 per cent for the 12 months to September 2018 – and suggested that the real-terms value of the uplift to teachers’ pay for 2018/19 should be seen in this context. Other consultees also commented on this. For example, NAHT stated that “overall, two-thirds of the profession received a below inflation pay award” in 2018.

Teacher earnings and position in graduate labour market

The Department’s views

- 2.13 The Department’s submission presented a range of pay analyses relating to teachers. These included consideration of how pay for teachers compared to that of private sector graduate professionals. The Department calculated that *median pay* of classroom teachers was higher than private sector graduate professionals³ in four of the eight English regions (the North West, Yorkshire and Humberside, East Midlands and the West Midlands) but that the *mean* salary of a classroom teacher was lower than that of private sector graduate professionals in all regions. The Department also calculated that, from 2002/03 to 2017/18, classroom teacher median salaries had fallen by 10 per cent and overall teacher median salaries by 11 per cent in real terms. They calculated that median salaries of all private sector graduates had decreased by 15 per cent over the same period.
- 2.14 During oral representations, the Secretary of State told us that it was useful to look at international comparators when considering the level of teachers’ earnings in England. He reported that research conducted by the Organisation for Economic Co-operation and Development (OECD) indicated that starting salaries and pay for early career teachers were lower in England than for many other OECD countries, but that salaries for some experienced teachers were above the average.
- 2.15 In response to the points raised by consultees about the level of take-home pay received by teachers and teachers opting out of the Teachers’ Pension Scheme (set out in paragraphs 2.19 and 2.20), we asked officials from the Department during oral representations whether they had any concerns about these matters. Officials told us that, overall, early career teachers were taking home a larger proportion of their gross earnings than they had in the past and that, other than contributions to the Teachers’ Pension Scheme, they faced the same deductions as all other graduates. Officials stated that the number of teachers opting out of the pension scheme represented a small proportion of the overall workforce and that increases in opt-outs were primarily driven by auto-enrolment – for example, a teacher who had previously opted out would be automatically re-enrolled after three years, if they moved schools or if their school converted into an academy, so would have to opt out again.

Consultees’ views

- 2.16 Submissions from many of our consultees addressed the competitiveness of teachers’ pay in comparison to other occupations. A number reported that starting pay for teachers was lower than that available in other graduate professions. ASCL noted that research by High Fliers⁴ published in 2019 showed that the median starting salary for a selection of large UK graduate employers had remained at £30,000 and that teachers’ starting pay compared unfavourably to this. The NASUWT also considered the 2019 report from

³ The Department’s submission stated that this ‘private sector graduate professionals’ group comprised employees in England and Wales who had worked in the past week in a full-time main job with the highest qualification a degree or equivalent, a professional occupation or an associate professional and technical occupation.

⁴ High Fliers Research (2019) *The Graduate Market in 2019*

High Fliers and reported that the minimum of the MPR for England and Wales excluding the London area was within the range of the lowest paying 13 per cent of this group of UK graduate employers. The submission from the NEU contended that teacher starting pay and pay progression compared poorly with other graduate professions, and NAHT asserted that teachers were not well enough rewarded in comparison to other similar graduate professions. Consultees also addressed how teachers' pay in England compared to other countries. Voice stated that the Varkey Foundation's *Global Teacher Status Index*⁵ report found that the starting salary of a British secondary school teacher was lower than in all other major EU economies. The NASUWT reported that OECD analysis showed that secondary school teachers in England were in the lowest quartile for starting pay among teachers in 40 OECD jurisdictions. Alongside its supplementary submission, the NASUWT provided a research report it had commissioned from Incomes Data Research on school teachers' pay in England compared with other graduate professions. These analyses used the Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) to calculate mean and median levels of pay for primary and secondary teachers. The key findings of the report included that teachers' salaries had continued to lag behind other graduate professions, both in terms of starting pay and progression prospects, and that teachers in England had not had significant real-terms pay increases since 2007. The NASUWT's research report also compared mean 2018 pay levels for primary and secondary teachers with ten other graduate professions and concluded secondary teachers ranked ninth out of these professions and primary teachers ranked twelfth out of twelve.

- 2.17 Many consultees raised the changes in the real-terms value of teachers' pay over time in their submissions. The NEU calculated that teachers on the MPR would require an increase of 15 per cent and teachers on the UPR an increase of 17 per cent to restore pay to 2010 levels in real terms. The NASUWT also provided calculations of the real-terms reductions in teachers' pay, stating that pay on the MPR was between 13.8 per cent and 14.9 per cent lower and pay on the UPR was 17.7 per cent lower than if it had kept pace with RPI inflation since 2010. NAHT noted that OECD research indicated that teachers' statutory salaries in England were worth around 10 per cent less in real terms in 2017 than they were in 2005, in contrast to most other OECD member countries where pay had increased. Several consultees also stated that the Department's decision in relation to the September 2018 pay award meant that teachers on the UPR and leadership group pay ranges had faced a real-terms decrease in pay. For example, the joint statement from ASCL, NAHT, the NEU and Voice contended that this "inadequate" pay award had "further damaged the position of teaching relative to inflation and to other graduate professions".
- 2.18 In addition to gross pay, several consultees raised concerns about teachers' net earnings. The NASUWT stated that the level of teachers' take-home pay had been reduced by increased pension contributions from 2012 and changes to National Insurance contributions from 2016. It also presented data on opt-outs from the Teachers' Pension Scheme and asserted that financial hardship was leading to an increasing number of opt-outs, particularly by younger teachers and teachers early in their careers. The NEU asserted that problems with starting pay were being compounded by very high marginal earnings reductions experienced by NQTs (i.e. tax, National Insurance contributions, student loan and pensions), which amounted to almost 50p in each extra pound. It also addressed the impact of increased pension contributions, noting that higher contribution rates had been introduced for teachers earning more than £43,182.
- 2.19 In their supplementary submissions, several consultees were critical of the analyses presented by the Department in relation to teachers' earnings. Some asserted that the evidence that the Department had presented had been selected to "mask" the extent of real-terms reductions in teachers' pay. For example, the NEU noted that the Department had considered teachers' pay between 2002/03 and 2017/18. It contended

⁵ Varkey Foundation (2018) *Global Teacher Status Index 2018* – <https://www.varkeyfoundation.org/media/4867/gts-index-13-11-2018.pdf>

that considering the decline in real-terms pay since 2010 was more meaningful as this was when the Coalition Government came to power and austerity began. The NEU also noted that the Department had focused on median pay and asserted that the mean provided a better indicator for significant sample sizes. Consultees also expressed concern about how the Department compared teachers' pay with that of other graduates. NAHT questioned the Department's use of "misleading" data that compared starting salaries for teachers with pay for graduates in all occupations, rather than graduate professions.

Early career teachers (trainees and qualified teachers during their first five years in the profession)

The Department's views

- 2.20 The Department's written submission presented a range of data about recruitment to Initial Teacher Training (ITT) and provided an account of its initiatives to support recruitment, such as bursaries and scholarships. It stated that the overall number of teachers in England remained high, at 451,900 full-time equivalent (FTE) teachers. It noted that the number of FTE teachers had increased overall since 2010 but had fallen between 2016 and 2017. The Department's submission stated that it recognised that teacher recruitment had been a challenge, particularly in some subjects and for some schools, and linked this to the context of an improving economy and a strengthening graduate labour market. The Department reported that 91 per cent of the target number of postgraduate trainees had been recruited to undertake ITT in 2018/19. It had met 83 per cent of its postgraduate secondary recruitment target and had recruited 103 per cent of its target for postgraduate primary recruitment. The Department's submission also stated that its analysis indicated that the probability of leaving the profession was highest in the first five years of a teacher's career and that retention rates were higher for teachers with a permanent contract and in regions outside London.
- 2.21 The Department's submission also provided its assessment of the quality of recruits to ITT. It reported that 73 per cent of 2018/19 trainees had a 2:1 or first-class degree and provided data showing that the proportion of trainees with these degree classifications had been consistently between 73 per cent and 75 per cent since 2013/14. It stated that the proportion of trainees with a first-class degree had increased substantially between 2010/11 and 2018/19.

Consultees' views

- 2.22 Other consultees expressed significant concern about the overall state of teacher recruitment in their submissions. Many addressed the trends in recruitment to postgraduate ITT, with several consultees noting that 2018/19 was the seventh successive year in which the overall recruitment target was not met. Consultees also noted the interim data available from UCAS showed no sign of improvement in recruitment for ITT in 2019/20. The NASUWT reported that there had been a longer term decline in applications for ITT through UCAS, with the number of applicants decreasing by 31 per cent since 2010. Consultees also addressed the decline in the number of teachers from overseas obtaining Qualified Teacher Status (QTS) in England. ASCL reported that the number of teachers from the European Economic Area (EEA) awarded QTS in 2017/18 decreased by 25 per cent compared to the previous year, with the number of teachers from outside the EEA obtaining QTS falling by 14 per cent over the same period. ASCL asserted that this showed that Brexit was having an impact on teacher supply. Consultees provided views on the reasons behind these trends in teacher supply in their submissions. The NEU asserted that there was a "widespread and entrenched crisis" in

teacher supply, rooted in the damage caused by Government policies relating to pay and workload. Similarly, the NASUWT contended that the Government's policy agenda, in place since 2010, had a powerful disincentive effect on recruitment.

- 2.23 The submissions received from consultees also addressed specific areas of pressure in relation to teacher recruitment. Several consultees noted that recruitment challenges were particularly acute for secondary schools. NEOST noted that local authorities reported continuing difficulties in relation to secondary recruitment, highlighting challenges in recruiting for maths, science, English and religious education teachers. NEOST noted that local authorities expressed concerns about the quality, as well as quantity, of applicants. Some had provided reports of Newly Qualified Teachers (NQTs) being "unprepared or unable to manage the current realities of being a teacher". The NEU asserted that "the inability of the profession to attract enough secondary entrants has become an entrenched problem" and noted that recruitment targets were only met for four secondary subjects in 2018/19. ASCL also highlighted difficulties in recruiting for certain secondary subjects. It reported that research conducted by the Education Policy Institute (EPI) showed continuing falls in recruitment for physics, mathematics and technology teachers and that less than half of the target number of physics teachers were recruited in 2018/19. While NEOST reported that an overwhelming majority of local authorities were experiencing difficulties with teacher recruitment and retention, it also noted particular recruitment challenges for schools in areas of high deprivation, including remote coastal areas, and for small rural schools. NGA reported that its annual survey of its members⁶ placed teacher recruitment and retention in the top five issues of concern to school governors, with the survey indicating that recruitment was especially challenging in regions surrounding London and for schools with lower Ofsted grades.
- 2.24 In addition to addressing the current recruitment challenges, several consultees noted that there would be increased demand for secondary teachers in the coming years as pupil numbers in secondary schools were forecast to increase substantially. ASCL noted that an extra 400,000 pupils are expected to enter the secondary phase over the next five years and stated that this was significantly contributing to the continued crisis in teacher recruitment. The NEU stated that these increases in secondary pupil numbers will mean "more teachers are needed just to stand still". Voice reported that the TES publication had calculated that 47,000 more secondary school teachers would be required in England by 2024 to avoid larger class sizes.
- 2.25 Consultees also provided views about the efficacy of the Department's financial incentives to support recruitment. NAHT contended that the evidence base for the impact of bursaries was weak and that it was clear that the bursary structure had not delivered sufficient teachers to supply state-funded schools. NAHT proposed that an alternative approach that recognised the importance of retention was required. ASCL also asserted that the Department's current strategy for ITT bursary and scholarship payments had not seen sufficient numbers of qualifying graduates remaining in teaching. It stated that feedback from its members suggested that the phased bursary scheme being piloted for maths graduates and the student loan 'forgiveness' pilot were unlikely to have a significant impact. Voice also raised concerns about the effectiveness of the Department's bursary scheme. In contrast, BATOD stated that it thought it necessary to establish new bursaries for those undertaking training to become Qualified Teachers of the Deaf and noted that it was in discussion with the Department about this proposal. During oral representations, several consultees reiterated their concerns about the effectiveness of bursaries. For example, representatives from ASCL contended that bursaries needed to have a greater focus on retention in order to make a meaningful impact on teacher supply challenges.

⁶ The NGA's *School Governance in 2018* survey. This survey is run annually in partnership with TES. The 2018 survey ran between 1 May and 11 June 2018 and responses were received from 5,218 governors, trustees and academy committee members.

- 2.26 A number of consultees noted concern about the retention of early career teachers. The NASUWT noted that the retention rates for those who had recently obtained QTS had deteriorated, reporting that the retention rate for teachers with two years' service fell from 80 per cent to 73 per cent between 2009 and 2014. ASCL highlighted that wastage was particularly high in the early stages of teachers' careers, with only around 60 per cent of all teachers and 50 per cent of teachers in 'high-priority' subjects like physics and mathematics remaining in state-funded schools five years after joining the profession. The NEU reported that younger teachers were increasingly likely to leave the profession, with the number of teachers aged under 45 leaving increasing by 40 per cent since 2012. It noted that analysis published by the Department⁷ indicated that pay levels and progression were significant factors in younger teachers' decisions to leave.

Experienced classroom teachers and middle leaders

The Department's views

- 2.27 The submission from the Department provided data on trends in teacher retention and asserted that retention rates had been broadly similar over recent years. The submission outlined a range of activities that the Department was undertaking with the intention of improving teacher retention, including schemes to reduce unnecessary workload and improve behaviour management training, as set out in its *Teacher Recruitment and Retention Strategy*⁸. During oral representations, the Secretary of State told us of the importance he placed on retention, noting that, for each teacher retained, there was one fewer that needed to be recruited. He also stated that it was important to keep experienced teachers in the profession. The Department stated that teacher vacancy rates had remained low and relatively stable (at around 0.3 per cent or below of all teaching posts) since 2010.
- 2.28 The Department's submission also provided data on the proportion of teachers on different pay ranges. This showed that 34 per cent of the teacher workforce were on the MPR, 36 per cent on the UPR, 14 per cent on the Leadership Group pay range and 16 per cent other or unknown. The Department reported that Teaching and Learning Responsibility (TLR) allowances were used in approximately 67 per cent of schools and that the proportion of classroom teachers in receipt of a TLR payment had increased from 26.7 per cent in November 2010 to 28.8 per cent in November 2017. It stated that TLR payments were more widely used in secondary schools than primary schools and that full-time teachers were substantially more likely to receive such payments than part-time teachers.

Consultees' views

- 2.29 In addition to the views on early career retention summarised above, the submissions from consultees also addressed the overall state of teacher retention and the ability to maintain an effective cadre of experienced teachers in the profession. The NEU raised concern about the number of teachers leaving the profession in terms of headcount, reporting that the number of leavers on a headcount basis was higher in every year between 2011/12 and 2017/18 than in any year between 2004/05 and 2010/11. Representatives from the NEU contended that an increase in the number of experienced teachers leaving had resulted in the "hollowing out" of the profession and stated that experienced teachers had an important role in supporting early career retention through mentoring. The NASUWT reported that the number of teachers retiring each year had increased substantially over the last 25 years and that its analysis of the demographics

⁷ Department for Education (2017) *Analysis of school and teacher level factors relating to teacher supply* – <https://www.gov.uk/government/statistics/teachers-analysis-compendium-2>

⁸ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

of the profession indicated that retirements were likely to continue to exert pressure on maintaining the sufficiency of the pool of active teachers. Representatives from the NASUWT reiterated their concerns about the retention of experienced teachers, noting that substantial numbers were accepting actuarially reduced pensions in order to retire early. NAHT asserted that there was a structural age imbalance within the teaching profession in England, with the proportion of teachers aged over 50 falling while the proportion of younger teachers increased. It attributed this to high attrition and wastage rates. Similarly, ASCL noted that retention issues were impacting more experienced teachers with the proportion of secondary classroom teachers aged over 50 falling from 23 per cent in 2010 to 17 per cent in 2017. Several consultees stated in their supplementary written submissions that the Department had failed to recognise the extent of teacher supply problems in its written submission. For example, the NASUWT stated that the Department's assertions that retention rates have remained "broadly similar" were not substantiated by the evidence it had presented.

- 2.30 Consultees provided their views on the factors driving these retention trends in their submissions. Voice contended that pay, workload, poor morale and the poor "public image" of teaching were affecting retention rates. The NASUWT presented results of its annual survey⁹ in which 65 per cent of respondents had considered leaving the teaching profession altogether in the last 12 months. The NASUWT contended that the "depression" of teachers' pay, workload pressures and poor employment practice were significant contributors to retention pressures. The NEU also raised pay and workload as major issues in relation to retention. It reported that 70 per cent of respondents to its survey¹⁰ had considered leaving teaching due to concerns about pay levels, unfair pay progression or both. The NEU's submission stated that it was vital to address teacher workload through amendments to working time provisions in the STPCD in order to reverse trends in teacher retention. NEOST reported that workload was the issue most frequently cited by local authorities when asked why teachers had chosen to leave the profession. NEOST also reported that the cost of housing was a significant issue in relation to retention for local authorities in and around London. NAHT raised high housing costs as a factor in recruitment and retention trends but asserted that this was affecting teachers in almost all regions of England.
- 2.31 Consultees also addressed teacher vacancy rates in their submissions. The NEU asserted that the Department's methodology was "flawed" as it provided a snapshot of vacancies in November. However, it noted that there had been an increase in vacancies in the past year and that the number of vacancies had risen substantially since 2010. Voice also reported that rates of vacant and temporarily filled posts were increasing and noted indications that these problems were most acute in areas of high deprivation. The NASUWT raised concerns about the proportion of vacant teaching posts in secondary schools and noted that the National Audit Office (NAO) had seen potential for official vacancy figures to underestimate the current extent of unfilled posts across the system. NAHT noted that additional analysis was published by the Department in a one-off release in 2016 which it saw as providing a clearer picture of the situation in regard to vacancies. NAHT stated that this 2016 data indicated that around a quarter of secondary schools and a tenth of primary schools had pupils being taught by at least one temporary member of staff or had at least one vacancy.
- 2.32 Some consultees also provided their views on recruitment of teachers to middle leadership or posts with specialist responsibilities. NAHT reported that its annual members' survey revealed that many had experienced difficulties in recruiting for middle leadership roles: 59 per cent of respondents said they struggled to recruit to

⁹ The NASUWT's annual *Big Question Survey*. The 2018 survey was carried out in February and March 2018 and responses were received from over 7,000 teachers in England.

¹⁰ The NEU's annual *Teachers' Pay and Progression* survey. The 2018 survey was carried out in December 2018 and responses were received from almost 34,000 teachers.

posts carrying a TLR or for a Special Educational Needs Coordinator (SENCO) and 20 per cent had failed to recruit altogether. Other consultees reported that there were fewer opportunities for teachers to progress to such middle leadership roles. The NEU asserted that many schools and academies had reduced TLR payments and Leadership Group posts, reducing the promotion opportunities for teachers. The NASUWT expressed concern that teacher recruitment and retention pressures would result in problems in securing a sufficient number of suitably qualified and experienced teachers to fill middle and senior leadership roles. BATOD contended that it was increasingly challenging to recruit and retain Qualified Teachers of the Deaf.

- 2.33 During oral representations, several consultees raised additional points about experienced teachers and middle leaders. Some expressed concerns about the use of the UPR and the reduction in the pay differential between the maximum of the MPR and the minimum of the UPR. Representatives from Voice reported that some experienced teachers were choosing not to progress to the UPR because they would be given additional responsibilities in their schools. The NASUWT and the NEU also reported that some schools expected teachers on the UPR to take on additional responsibilities and were critical of this practice. Representatives from ASCL contended that UPR was becoming less effective as a mechanism for rewarding experienced teachers as differentials had shrunk and, as a result, there was less of an incentive for teachers to meet the higher expectations on that pay range.
- 2.34 Consultees also addressed the use of TLRs. Representatives from both the NASUWT and the NEU told us that the higher TLR1 and TLR2 were being used less frequently, with teachers instead being given the smaller and temporary TLR3 payments for taking on additional responsibilities. Representatives from ASCL stated that there had been a real-term decline in the value of TLRs, which diminished the incentive for teachers to take on middle leadership responsibilities. Representatives of NGA told us that progression did not work well in the current system and suggested that TLRs should be replaced by a middle leadership pay range.

School leaders' pay and conditions

The Department's views

- 2.35 The Department's submission provided data on school leader earnings, reporting that the median gross salary for head teachers and other teachers in leadership positions was £55,000 in November 2017 and that this had increased by 0.9 per cent from £54,500 in November 2016. It noted that the average pay of Leadership Group teachers in secondary schools was significantly higher than for those in primary schools and that the average salaries of leadership teachers increased with age. During oral representations, the Secretary of State stated that OECD studies show that head teacher pay in England compared favourably to levels offered in other OECD countries. The Secretary of State reiterated his support for pay flexibilities, which he noted were frequently used by governing bodies to recruit and retain high quality school leaders.
- 2.36 The Department asserted that the School Workforce Census (SWC) showed a very low rate and fairly stable picture of overall headship vacancies at around 0.1 per cent. It reported that SWC data also showed a decrease in the proportion of schools reporting a head teacher vacancy or the head teacher post being temporarily filled from 1.3 per cent to 1 per cent between 2010 and 2017. The Department's submission also reported on a number of initiatives to develop school leaders and those who aspired to progress to such positions. These included launching a reformed suite of National Professional Qualifications (NPQs), targeted programmes to boost leadership capability in challenging

schools and areas, and initiatives to address the disparity in black, Asian, and minority ethnic (BAME) representation in leadership positions, as well as to support women leaders.

Consultees' views

- 2.37 Representations received from several consultees raised strong concerns about recruitment and retention of school leaders. NEOST reported that local authorities were experiencing growing difficulties in recruiting senior leaders and head teachers in particular. NEOST noted that these issues related to both the quality and quantity of applicants to such roles and that the challenges were especially acute in areas of high deprivation and for small primary schools. NGA provided the results of its annual survey of governors and trustees¹¹. These indicated that 38 per cent of respondents had found it difficult to attract good candidates when recruiting head teachers and 39 per cent had difficulty in recruiting to other senior posts, with both figures slightly higher than in the previous year's survey. NAHT reported that its annual members' survey¹² found that 66 per cent of those who had recruited a head or principal reported they had struggled to do so and 12 per cent had failed to recruit at all. NAHT's submission also addressed the retention of head teachers, deputy and assistant head teachers. It asserted that data published by the Department about retention for teachers in these roles showed that there was a growing crisis in leadership retention and that the time lag in this data series meant that the current situation may be even worse. ASCL stated that employers were continuing to struggle to recruit and retain good school leaders and linked this to real-terms reductions in pay, changes to pension allowances and the high-stakes accountability system. Representatives from ASCL told us that funding cuts had led to schools having smaller senior leadership teams with increased accountability and workload. They stated that this impacted negatively on recruitment and retention of school leaders and noted that the Department's *Teacher Recruitment and Retention Strategy*¹³ did not include any initiatives to support school leaders. Representatives from NAHT told us that the levels of pay for heads had been eroded at the same time as they had been delivering some of the most demanding things in their careers. This meant there was less incentive for progression, as these levels of pay did not adequately compensate heads for the workload and responsibility of their roles.
- 2.38 Several consultees raised the narrowing of differentials between the pay ranges for classroom teachers and the leadership pay range as a factor that was contributing to difficulties in school leader recruitment and retention. NEOST noted that several local authorities had raised this issue and stated that it was impacting on the recruitment of school leaders as it made it less attractive to apply for promotion. NAHT contended that reducing these pay differentials was undermining the value of leadership and would exacerbate wastage rates, further destabilising the age and experience profile of the profession. Representatives from ASCL told us that the shrinking of key differentials in recent years was acting as a disincentive to prospective school leaders.
- 2.39 Consultees also raised a number of other issues about leadership group teachers. NAHT raised concern about increasing pressure on leadership time and urged the STRB to review the role of deputy and assistant heads and consider how to protect their leadership time to ensure that they were able to deliver their strategic leadership responsibilities. NAHT also stated that the STPCD should be amended to encompass new forms of school leadership, including executive heads, heads of school and school business leaders. NEOST noted in its submission that local authorities had identified a growing trend in creating executive head teacher roles responsible for two or more schools in response to difficulties in recruiting heads. Other consultees proposed that

¹¹ The NGA's *School Governance in 2018* survey – see footnote 6 above.

¹² NAHT conducted this survey in October and November 2018; there were 734 respondents.

¹³ Department for Education (2019) *Teacher Recruitment and Retention Strategy*

consideration should be given to the arrangements for setting leadership pay. NGA stated that it was concerned about how some governing boards managed leadership pay and that it would be helpful for the STRB to be given a remit to consider this. The NASUWT expressed concern about high levels of pay for leadership posts in the academy sector and proposed that salaries of all staff in state-funded schools, including CEOs and other trustees of academies and free schools, should be within the remit of the Review Body and be included in the School Teachers' Pay and Conditions Document (STPCD).

Affordability and schools' financial resources

The Department's views

- 2.40 The Department's submission emphasised that it was important that affordability was "properly considered" by the STRB when making recommendations on the 2019 teachers' pay award. While acknowledging that the flexibility in the teachers' pay system meant that the cost of the award to individual schools depended significantly on decisions made by those schools, the Department maintained that recommendations should still take full account of affordability when considering the school system as a whole. In the written evidence, it was noted that, while the Government provided some additional funding to support the implementation of the 2018 award, it should not be assumed this will be the case again for the 2019 award. As set out above, the Secretary of State told us during his oral representations that additional funding had been provided in recognition of the "unique circumstances" of last year's pay award and that this should not be seen as setting a precedent.
- 2.41 The Department's submission presented its analysis of the funding that schools will receive and the pressures they will face on their budgets across 2018-19 and 2019-20, with further details provided in an additional report on school costs. It concluded that, nationally and overall, costs could rise by a further 0.6 per cent over 2018-20 before schools would face real-term pressures. It calculated that this rise was equivalent to a 2.0 per cent increase in per teacher pay from September 2019 and that this was equivalent to an increase in the teachers' paybill of £480 million over a 12-month period. The Department stated that the STRB will need to consider that there are areas other than pay which schools may choose to prioritise when making budget decisions. It also contended that the Review Body should take account of evidence on the distribution of pay rises resulting from recent awards and indicated that the implementation of the 2018 pay award, together with pay progression and workforce composition changes, led to an increase in teachers' pay costs of 2.7 per cent in the 2018/19 academic year. In response to a question about the upcoming Spending Review, the Secretary of State told us that it would be reasonable to assume that funding for the last five months of 2019/20 would be at least the same level as the first seven months. He also stated that he would be seeking a "good settlement" for education and schools during the Spending Review process.
- 2.42 During oral representations, we questioned the Secretary of State and his officials about the calculation of affordability presented in the Department's written evidence. The Secretary of State acknowledged that individual schools faced different financial situations but stated that it was reasonable to consider national averages in order to make an assessment of system-wide affordability. He also recognised that it would be for school leaders and governing bodies to determine how to implement the pay award, which would impact the overall cost, but stated that there was an element of signalling and setting expectations when announcing uplifts to the national pay framework. Additionally, the Secretary of State told us that he did not consider it appropriate to look at financial reserves in relation to affordability as it was sensible management practice for schools to hold reserves for requirements other than pay.

Consultees' views

- 2.43 As set out above in paragraph 2.6, a number of consultees voiced concerns about the emphasis on affordability in the remit letter and noted that overall school funding for 2020-21 onward would be determined in the Government's upcoming Spending Review. Several consultees proposed that, given this context, the STRB should make observations or recommendations about the level of funding required by the school system in England. The joint submission from ASCL, NAHT, the NEU and Voice stated that this lack of clarity on Government funding plans provided an "ideal opportunity" for the STRB to set out the action necessary to comprehensively address teacher supply problems. This proposal was expanded on in the individual submissions from some of these organisations. For example, the NEU asserted that this would give the STRB the opportunity to contribute to the debate about public spending by setting out "its views on the level of investment required for teachers' pay". In their supplementary submissions, several consultees addressed the Department's assessment that there could be a 2 per cent increase in per teacher pay in September 2019 without schools facing additional cost pressures. The joint supplementary submission from ASCL, NAHT, the NEU and Voice asserted that the Government's statement was both a complete failure to engage with the key issues and an inappropriate attempt to constrain the STRB in its deliberations. In its individual supplementary submission, ASCL challenged several of the assumptions that underpinned the Department's calculation and modelled the costs of an unfunded 2 per cent pay uplift on a secondary school. On the basis of its own calculations, ASCL asserted that the 0.6 per cent increase in costs that the Department maintained to be affordable nationally would not cover the cost of a 2 per cent pay award. The NASUWT contended that the Secretary of State had effectively set a 2 per cent pay cap for teachers through its assessment of affordability and noted that the Department's calculations did not take account of schools' financial reserves. During oral representations, all consultees, other than the Department, stated that it was very difficult or impossible to calculate affordability across the school system as a whole. All told us that they did not accept the Department's calculation that a 2 per cent increase in per teacher pay was affordable as an accurate assessment of schools' current financial situations.
- 2.44 Consultees provided different assessments of the school funding situation. Most maintained that schools faced severe funding pressures and called for the Government to "fully fund" any pay uplift for 2019/20. ASCL asserted that there was a "chronic funding crisis" in schools and colleges and stated that the Government should introduce additional money into the education budget, so that real-terms cuts are reversed, and commit to fully funding all future pay increases and employer contributions to staff pensions for teachers and support staff. ASCL reported that schools had faced additional unfunded cost pressures in recent years, such as increased National Insurance contributions, employer contributions to pensions and pay awards for teachers and support staff. It also stated that its 2018 survey of school business leaders¹⁴ found that 50 per cent of respondents did not have any free reserves, and 80 per cent of those with "free reserves" had seen them fall in the last three years. Similar views were expressed by other consultees. NAHT stated that there was a continuing funding crisis that placed "immense pressures" on school budgets, while the NEU asserted that the Government's real-terms cuts to education funding had created huge difficulties for schools. In addition to the unions representing teachers and school leaders, NEOST and NGA also expressed concern about school funding levels from the perspectives of local authorities and school governors. NEOST contended that schools had faced a further increase in financial pressures and reduced financial sustainability and there should be no assumption that they could afford to fund even a 1 per cent pay increase. It noted that there had been

¹⁴ ASCL's *School Business Leaders Funding Survey*. This survey was carried out in May 2018 and 238 responses were received.

an increase in the number of local authorities reporting schools with current or forecast deficit budgets, with indications that this will increase further over the next two years. NGA reported that only 50 per cent of the respondents to their annual survey¹⁵ stated they were balancing budgets, with almost a third drawing on reserves. Of those drawing reserves, 75 per cent said they would be depleted within two years.

- 2.45 The NASUWT presented an assessment of school funding that differed from other consultees. The NASUWT stated that it wanted there to be a substantial increase in education funding and called on the STRB to make a recommendation to this effect. However, its submission also contended that there were significant amounts of money within the school system which were not being used for the benefit of teaching and learning and could be redirected toward increasing teachers' salaries. The NASUWT's submission also addressed schools' financial reserves. It noted that 88.6 per cent of schools had a financial surplus in March 2018, and the total unspent balance across all local authority maintained schools was £1.56 billion. While the submission acknowledged that some schools faced challenges due to deficits, the NASUWT's position was that this should not deter the STRB from recommending a significant pay increase for teachers. Representatives from the NASUWT proposed a mechanism through which local authorities could redistribute school financial reserves in excess of five per cent of annual income.
- 2.46 Several consultees addressed in their submissions the Teachers' Pay Grant through which the Department supported the implementation of the 2018/19 pay award. While some consultees welcomed the fact that the Department had provided some additional funding, most maintained that it was not enough, and that the Government should commit to fully funding pay awards in future. Some criticised specific aspects of the approach by the Department in relation to this pay grant. NAHT asserted that calculating the level of funding for individual schools based on the average teacher wage bill created 'winners and losers' and was likely to negatively impact schools with high levels of disadvantage or small class sizes. NEOST noted that the Teachers' Pay Grant did not include centrally employed teachers and asked the STRB to recommend that they should be included in future. ASCL stated that the pay of teachers in all types of sixth form provision should be equally and fairly supported by any future grant for teachers' pay. The NASUWT contended that the Department failed to place sufficient conditions on the use of the grant, which resulted in fewer teachers receiving the pay award than would otherwise have been the case.

The pay systems and schools' use of pay flexibilities

The Department's views

- 2.47 The Department's submission contended that the pay flexibilities that had been introduced following the recommendations of the STRB's 21st and 23rd reports (published in December 2012 and February 2014 respectively) had helped schools to recruit and retain teachers and school leaders. It asserted that the greater flexibility to decide what salary to offer to new teachers on appointment, as well as the greater freedom to decide how quickly the pay of new teachers progresses over time, had helped schools to attract and retain the best teachers and to target any school-level recruitment and retention problems they might have, including in regard to specific subjects specialisms. Its submission also stated that the flexibility allowing governing bodies to pay 25 per cent above the pay band maximum for head teachers gave schools greater ability to reward exceptional head teachers and to attract strong leadership teams to work in the most challenging schools.

¹⁵The NGA's *School Governance in 2018* survey – see footnote 6 above.

- 2.48 The Department also provided data on schools' use of allowances, including pay flexibilities such as recruitment and retention payments. This indicated that such allowances were most widely used in London and the South East. Its submission also provided data on the distribution of pay increases for teachers on the MPR and UPR. It stated that this showed that the STRB's recommended increases to the minimum and maximum of the pay ranges changed the overall distribution of pay rises. These analyses suggested that there had been increasing divergence in the level of percentage increase in pay received by teachers on both the MPR and UPR between 2011 and 2017.

Consultees' views

- 2.49 Some consultees provided information about the extent to which schools were using pay flexibilities and factors that influenced their decisions about their use. NEOST reported that a "vast majority" of local authorities that had responded to its consultation¹⁶ said that flexibilities were being used, with those most frequently utilised being negotiating starting salaries for classroom teachers, higher salaries for head teachers, retention allowances and accelerated pay progression within and across the ranges. In its oral representations, NEOST provided an example of schools using an 11-point MPR and a five-point UPR. In its written submission, it noted that some authorities reported a continued increase in confidence in applying robust performance management decisions leading to more cases of non-progression. However, NEOST also noted that most local authorities stated that the use of pay flexibilities was limited for reasons of affordability. A similar point was made by NAHT, who asserted that pay autonomy was not possible due to the school funding crisis. ASCL provided the findings of a survey of its members about implementation of the 2018/19 pay uplift and also asserted that there was a link between funding and schools' decisions on pay. It reported that around 87 per cent of respondents said that they awarded the increase of each pay range to all teachers on the relevant range, with the other 13 per cent taking a variety of different approaches. The ASCL submission contended that some schools had uplifted local pay points by smaller amounts due to budget constraints and that "employers recognise the short-term nature of this approach but are often in an invidious position".
- 2.50 Representations from a number of consultees were highly critical of the current pay system and asserted that it was having a negative impact on teachers supply. The joint submission from ASCL, NAHT, the NEU and Voice contended that "fragmentation" of the pay structure and flexibility on pay had exerted downward pressure on teacher salaries. The NASUWT described the current pay system as "chaotic" and asserted that this had led to most teachers experiencing a "pay award lottery", with school pay policies often designed to pay teachers as little as employers could get away with. Several consultees stated that the introduction of this pay system had meant that there was no longer a clear career pathway for teachers. For example, Voice contended that prospects for the future, possible career paths, development, and levels of reward were now very unclear for teachers, making the profession less attractive. BATOD asserted that, in the context of reduced funding, schools had used pay flexibilities to depress teachers' pay. Some submissions provided survey evidence to support this assessment of the pay system. The NEU reported that its annual members survey¹⁷ found that 19 per cent of teachers denied progression said they had been explicitly told that the decision was due to funding or budgetary constraints rather than performance. Overall, the NEU survey found that 11 per cent of respondents eligible for pay progression, and who knew the outcome of their progression decision, had not received progression. When broken down by pay range, 6 per cent of eligible teachers on the MPR and 24 per cent on the UPR reported

¹⁶NEOST consulted the 152 English local authorities, the National Society (Church of England and Church in Wales) for the promotion of Education, the Catholic Education Service and the Confederation of School Trusts in November 2018. Its consultation had a 25% response rate.

¹⁷The NEU's *Teachers' Pay and Progression in September 2018* survey – see footnote 10 above.

that they had not received progression. The NEU also noted that its survey indicated that teachers with protected characteristics under the Equality Act 2010 were less likely to receive progression and asked the STRB to recommend that the Department undertake an equality assessment of the pay system. The NASUWT reported that its annual teachers survey¹⁸ found that 11 per cent of respondents on the minimum of the MPR and 11 per cent of respondents on the minimum of the UPR had been told specifically that they would not receive an uplift for 2018/19. Its submission asserted that this showed that “statutory and contractual requirements are being denied to teachers as a result of unrestrained school and academy freedoms”.

Targeting of pay uplifts

The Department’s views

- 2.51 The Department’s submission stated that the STRB should consider how to target uplifts to the pay ranges and allowances in order to best support schools in regard to teacher recruitment and retention. It also asked the Review Body to set out in its final report what consideration it had given to targeting. The Department contended that the recruitment and retention evidence contained in its submission pointed in particular to considering how the pay award could be targeted towards teachers at the start of their careers.
- 2.52 In his oral representations, the Secretary of State repeated his support for targeting early career teachers. He told us that this was necessary because of continuing challenges with recruitment and early career retention, especially for teachers of certain secondary subjects. He also reported that teachers’ starting pay in England was relatively low in comparison with other OECD countries. We asked the Secretary of State whether the reduction in the differentials between pay ranges that resulted from the targeted approach he took last year caused him any concern. He told us that it did not as the pay system gave schools freedom and flexibility to establish organisational and pay structures that work for them. The Secretary of State also told us that for teaching, as in all professions, people will look at their prospects for pay progression when making career decisions. He thought that teachers would see opportunities to earn well within the current structure, particularly if they progressed to leadership roles.

Consultees’ views

- 2.53 Most other consultees were opposed to any form of targeting in relation to the uplifts to pay and allowance ranges. The joint statement from ASCL, NAHT, the NEU and Voice called on the STRB to recommend a pay uplift for “all teachers and school leaders, irrespective of their career stage, setting, subject discipline or geographical location.” The NASUWT also called on the STRB to reject targeting in its 29th report. NEST stated that there was a broad consensus among local authorities that uplifts to the national pay framework should be applied on a uniform basis, asserting that this was fairer and more transparent, but proposed that targeted pay decisions could then be made at school level. Only NGA supported any form of targeting, proposing that there should be a percentage “cost of living” pay uplift for all teachers and school leaders but suggesting that it might be fairer to apply any additional pay increases on a ‘flat cash’ basis. Several consultees also addressed the Department’s statement that the STRB should look at targeting early career teachers in their supplementary submissions. The joint supplementary submission from ASCL, NAHT, the NEU and Voice stated that, in contrast to the Department’s position on targeting, there was consensus among other consultees that there was a need for a “whole-market positive signal” on pay. In its individual

¹⁸The NASUWT’s Member Opinion Survey on Pay. This survey was carried out between December 2018 and January 2019 and responses were received from over 6,900 teachers and school leaders.

submission, Voice contended that “frontloading” the pay award by targeting early career teachers would not solve recruitment problems and that a substantial uplift to the whole pay structure was required.

- 2.54 Consultees presented a number of arguments against targeting. Both NEOST and NAHT noted that targeting would increase workload and create challenges for school leaders. The NEU argued that differentiation would “further fracture” the pay system. This was echoed in the joint union submission which suggested differentiated uplifts would reduce the transparency and fairness of the system. NAHT were critical of the Department’s focus on early career teachers in recent years, stating that the Department failed to recognise that a much stronger emphasis on retention was required. Similarly, Voice stated that retention throughout the teaching profession was crucial and asserted that it was therefore important that all teachers were treated equitably. The NEU asserted that recruitment and retention were both in a critical state, so pay solutions must be “holistic”.
- 2.55 A number of consultees in their oral representations raised the impact of the reduced differentials between the maximum of the MPR and the minimum of the UPR and between the maximum of the UPR and the minimum of the Leadership Group range. Concerns were raised about the impact of these changes on the career pathway for teachers and some expressed support for targeting to restore these differentials to their previous levels. Representatives for ASCL told us that an argument could be made for targeting leadership pay, addressing the fact that this group received the lowest percentage increase in 2018. ASCL representatives stated that, while supporting a uniform pay award, they would also welcome a targeted award that reversed the changes to differentials caused by the 2018 pay award. Representatives for Voice, while stating that all teachers should receive the same level of pay increase, also told us that a case could be made for targeting the UPR and leadership range to address reduced differentials.

2019-20 pay award

The Department’s views

- 2.56 The Department’s submission did not make any specific proposals about the uplifts to pay and allowance ranges for 2019/20, other than offering an assessment of affordability. It reported that the Government’s view was that the STRB should take the approach it had taken in its recent reports of stating that it was for schools to use their autonomy and set out in their pay policies how they intend to deal with any proposed uplifts to the national framework. During his oral evidence session, the Secretary of State did not make any specific proposal for pay uplifts in September 2019 but stated that, alongside the initiatives set out in his *Teacher Recruitment and Retention Strategy*¹⁹, pay and benefits were fundamental to supporting teacher supply.

Consultees’ views

- 2.57 Four of our consultees made a specific proposal about what recommendations the STRB should make on pay for 2019/20. ASCL, NAHT, the NEU and Voice called for the STRB to recommend a 5 per cent pay increase for all teachers and school leaders, to be followed by further increases as soon as possible to restore the value of teachers’ pay to 2010 levels in real terms. They stated that the Review Body should also make a separate recommendation that the Government fully fund any pay award. The NASUWT proposed that there should be a multi-year award to restore the competitiveness of teachers’ salaries, with the 2019/20 pay increase substantially higher than the current rate of RPI inflation. NEOST stated that it supported the broad consensus among the local

¹⁹ Department for Education (2019) *Teacher Recruitment and Retention Strategy*

authorities it had consulted that an increase of more than 1 per cent was necessary, and that any increase must be fully funded by central government. NGA contended that a case could be made for a larger than inflation award this year and suggested that it may be fairer and more affordable to make flat cash awards in addition to a percentage cost of living uplift. Its submission also stated that any pay award should be fully funded.

2.58 During oral representation sessions, we explored consultees' views on the level of pay uplift required in September 2019. We asked the signatories to the joint union statement that called for a 5 per cent pay increase what evidence had led them to decide this level of uplift was required. All of these consultees told us that this proposal was in response to cumulative real-terms reductions in teachers' pay over the last decade. Representatives from ASCL told us that a 5 per cent increase would start to address the recent real-terms cuts to teachers' pay which had particularly impacted school leaders. NAHT and Voice both stated that they recognised that it was not possible to address the real-terms erosion in teachers' pay in one year and had therefore proposed 5 per cent as a first step toward this. Representatives from the NEU also noted that this uplift should be the start of a process to restore pay to 2010 levels in real terms and, with RPI inflation at 2.5 per cent and economy-wide earnings increasing at 3.5 per cent, the pay award would need to be more than either of these to be restorative. Representatives from the NASUWT did not propose a figure for the 2019 pay uplift but argued there must be a long-term solution to recover the almost 20 per cent of real-term cuts suffered since 2010. NEOST told us that they saw the recommendations of our 28th report to be "the start of a process" and believed this year's award should be a minimum of 2 per cent to continue this process. Representatives from the NGA stated that annual 'cost of living' uplifts should be "part of the system". They reiterated their proposal that additional increases should be in the form of a flat cash award but did not propose a specific amount. In addition to providing views on the level of pay award, consultees also addressed how the award should be implemented during their oral representation sessions. ASCL, NAHT, NEOST, the NEU, NGA and Voice all told us that they considered that the Government must fully fund any pay award for September 2019. Representatives from NEOST noted that the Teachers' Pay Grant for 2018 did not provide any funding for centrally employed teachers and stated that this resulted in additional costs to local authorities of £5.5 million. They told us that the Government should ensure that funding was also provided for pay uplifts for such teachers in future.

2.59 Consultees also made additional proposals about recommendations that the STRB should make in regard to teachers' pay. The NASUWT stated that the Review Body should recommend that national pay scales are restored to the STPCD to ensure that the 2019/20 pay award is received by all teachers and that all supply teachers should receive the 2019/20 pay award. The joint union statement emphasised that national pay scales and an annual cost of living increase were separate from any consideration of pay progression and were essential to returning the profession to a competitive position in the graduate market place. It stated that the proposed 5 per cent uplift should be awarded to all teachers and school leaders. In their individual submissions, NAHT also called for a return to national pay scales and ASCL stated that the STRB should recommend that the annual uplift is applied to all points in employers' pay policies. In addition, the NEU maintained that the STRB must state in its recommendations that every teacher should receive the recommended increase. NEOST stated that most local authorities and schools saw pay awards as a 'cost of living' uplift, so it would want to see a recommendation for a consistent pay increase to every salary and allowance. Several consultees told us in oral representations that the September 2019 pay award must be applied to the salaries of all teachers and school leaders.

Summary of views on remit matters

2.60 The STRB has carefully considered all of the representations submitted by our consultees. We have summarised below the main points raised in representations about the remit matters for our 29th report and the areas on which our consultees agree and disagree:

- Our consultees were in consensus that there are problems with teacher recruitment, although they differed in their assessment of the extent of these issues. The Department stated that recruitment was challenging, particularly in certain subjects and schools, while the unions representing teachers and school leaders contended that there was an ongoing crisis in teacher recruitment. There was divergence in views on teacher retention. The Department asserted that retention rates had remained broadly similar in recent years, although it did note that it was undertaking action to reduce teacher wastage. Other consultees expressed significant concerns about teacher retention, with the unions also maintaining that there was a crisis in retention.
- The Secretary of State told us that teachers' earnings should be considered in relation to international comparators and reported that OECD research found that early career teachers in England were paid less than the average across OECD countries, but that the level of pay for some experienced teachers was above the OECD average. The unions representing teachers and school leaders looked at teachers' earnings in relation to pay levels in 2010 and reported that this showed that there had been significant real-terms reductions in pay for teachers at all career stages and school leaders.
- There was also divergence in consultees' views on school finances and the affordability of pay uplifts in September 2019. The Department placed great emphasis on the STRB taking account of affordability when determining its recommendations and calculated that a 2 per cent increase in per teacher pay was affordable before schools faced real-terms cost pressures. In contrast, the teacher and school leader unions told us that we should disregard considerations of affordability and make our recommendations based on the evidence about the teacher labour market. ASCL, NAHT, the NEU and Voice all rejected the Department's 2 per cent calculation, contending that this did not recognise the extent of the crisis in school funding, and stated that the Government should fully fund any pay award for September 2019. NEOST and NGA reported that local authorities and governing bodies had significant concerns about school funding and also stated that the Government should fully fund the 2019 pay uplift. The NASUWT stated that there was sufficient funding in the school system to cover the cost of a substantial pay uplift and contended that the Department's 2 per cent calculation was incorrect as it did not take account of schools' financial reserves. All other consultees, including the Secretary of State, considered it inappropriate to take account of financial reserves when considering the affordability of pay uplifts.
- The remit letter stated that the STRB should give consideration to targeting pay uplifts and the Department proposed that we particularly look at targeting early career teachers. NGA made a proposal that included a flat cash uplift, which would also target the largest percentage uplifts at early career teachers. All other consultees told us that a uniform uplift for all teachers and school leaders was required. However, in oral representations, ASCL and Voice expressed some support for targeting to reverse the reductions to the differentials between pay ranges that resulted from the 2018 pay award.
- Four consultees – ASCL, NAHT, the NEU and Voice – made a specific proposal of a 5 per cent pay uplift for all teachers and school leaders as a first step towards restoring teachers' pay to its 2010 level in real-terms. The NASUWT proposed a substantial, above inflation pay increase in 2019 as part of a multi-year deal to

address real-terms reductions in teachers' pay levels. NEOST told us that they thought a uniform increase of 2 per cent or more was required. NGA proposed an award that combined a percentage 'cost of living' increase in line with inflation and a flat cash increase, but did not suggest a specific level for this cash increase. The Department did not make any specific proposal for the 2019 pay award.

CHAPTER 3

Teacher labour market and school finances

3.1 In this chapter we present a summary of evidence, which we have used alongside that from consultees to guide our recommendations. The evidence here is presented in two broad sections: our analysis of the labour market for teachers; and our analysis of school funding and finances.

The teacher labour market

- 3.2 This section considers the key economic, earnings and recruitment and retention indicators that collectively inform us about the state of the teacher labour market.
- 3.3 This year, we have structured our analysis around the broad stages of teachers' careers, as reflected in the national pay framework. The analysis is divided into the following five sections:
- Economic context
 - Overall trends in the teacher labour market
 - Early career teachers
 - More experienced teachers
 - School leaders

Economic context

- 3.4 The economy grew by an estimated 1.4 per cent in 2018, its slowest rate for six years¹. Forecasts suggest a further slowing of Gross Domestic Product (GDP) growth in 2019 to 1.2 per cent (according to the Office for Budgetary Responsibility (OBR)). While some degree of economic recovery is then expected in 2020, there is considerable uncertainty in the forecasts².
- 3.5 Inflation fell broadly as expected over the last year, with the Consumer Prices Index (CPI) rate down from a peak of 3.1 per cent in November 2017 to 1.9 per cent in March 2019³. Consumer Prices Index including owner occupiers' housing costs (CPIH) inflation was at 1.8 per cent in March 2019 and the Retail Prices Index (RPI) rate of inflation was 2.4 per cent. Forecasts indicate that CPI inflation will remain close to 2 per cent during 2019 and 2020, with RPI inflation close to 3 per cent.
- 3.6 The labour market has showed continuing strength, with the level of employment increasing by 457,000 over the year to February 2019⁴. The employment rate reached 76.1 per cent, the joint highest since comparable records began in 1971. The majority of the employment growth over the last two years has been among full-time employees, in contrast to the pattern seen in the immediate post-recession years of such growth being in part-time, non-permanent and other types of insecure employment, suggesting a strengthening in labour demand.

¹ Drawn from: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/octobertodecember2018>

² Office of Budget Responsibility (2019) *Economic and Fiscal outlook – March 2019* - <https://obr.uk/efo/economic-fiscal-outlook-march-2019/>

³ Inflation data drawn from: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/march2019>

⁴ Employment and earnings data drawn from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/april2019>

- 3.7 Whole economy average annual earnings growth (excluding bonuses) was 3.4 per cent in the three months to February 2019, the highest rate for ten years. Private sector average earnings growth was 3.6 per cent in the three months to February 2019, while public sector average earnings growth (excluding financial services) was 2.6 per cent.
- 3.8 The median value of pay settlements across the economy was 2.5 per cent in the 12 months to the end of March 2019⁵. 25 per cent of settlements were at or below 2 per cent, while a further 25 per cent were at or above 3 per cent.
- 3.9 The economic context is characterised by ongoing uncertainty. This is reflected in the Bank of England's latest Inflation Report⁶ which suggests that UK data could be unusually volatile in the near term, due to shifting expectations about Brexit in financial markets and among households and businesses; and that the economic outlook will continue to depend significantly on the nature and timing of EU withdrawal.

Overall trends in the teacher labour market⁷

Teacher flows/numbers

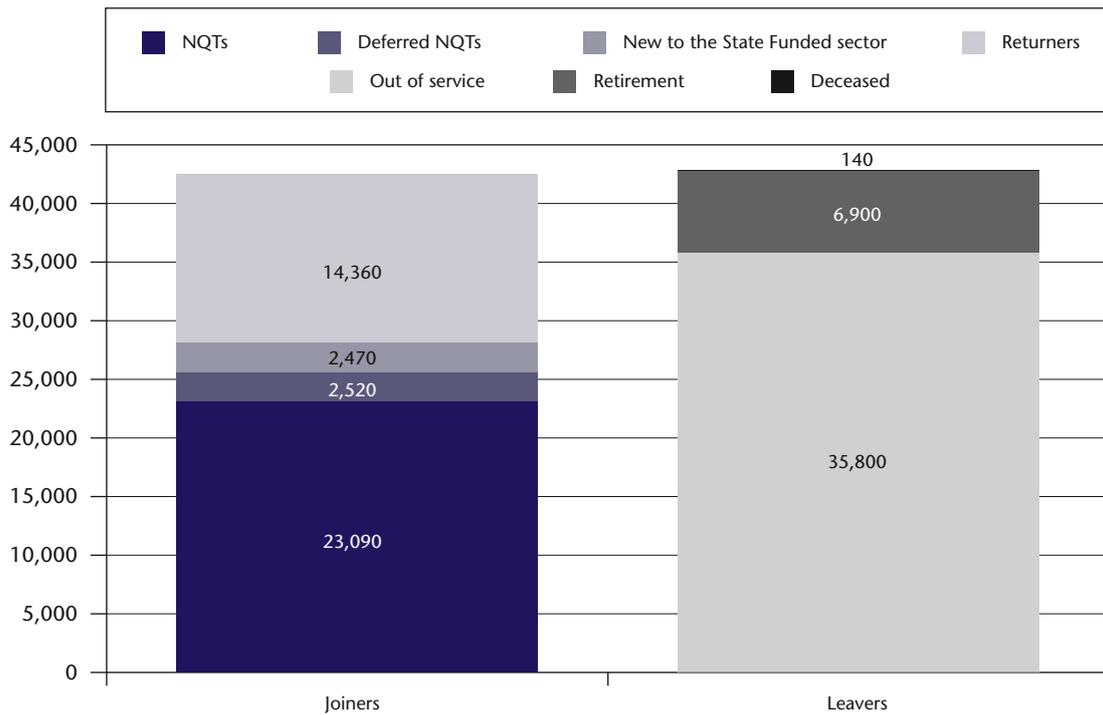
- 3.10 The total number of full-time equivalent (FTE) teachers in state-funded schools fell by 1.2 per cent, from 457,200 to 451,900, between November 2016 and November 2017. The number of FTE nursery and primary teachers fell by 0.6 per cent, from just over 222,400 in 2016 to 221,100 in 2017. Similarly, FTE secondary teacher numbers fell by 1.9 per cent, from 208,200 in 2016 to 204,200 in 2017.
- 3.11 The total number of FTE qualified entrants to teaching has decreased since 2015 from 45,500 (10.5 per cent as a proportion of all existing and new teachers) to 42,430 (9.9 per cent) in 2017. This includes NQTs, teachers new to the state-funded sector and those returning to teaching after a break.
- 3.12 Since 2015, the proportion of FTE qualified teachers leaving teaching has remained broadly consistent at 9.9 per cent of the workforce. There were 42,830 FTE qualified teachers who left teaching in the year to November 2017. In 2017, therefore, more FTE qualified teachers left than were recruited in. The number of leavers in any one year includes teachers taking retirement and teachers who move 'out of service' before retirement age. This 'out of service' category includes both those leaving the profession permanently and those taking a career break or secondment who may come back as returners in a later year. Figure 1 presents a breakdown of joiners and leavers in the year to November 2017.

⁵ OME analysis of XperTHR pay settlement data. Whole economy figures based on 951 pay settlements.

⁶ Bank of England (2019) *Inflation Report May 2019* - <https://www.bankofengland.co.uk/inflation-report/2019/may-2019>

⁷ All charts in this section based on OME analysis of the Department for Education's School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017> and <https://www.gov.uk/government/collections/teacher-workforce-statistics-and-analysis>

Figure 1: Full-time equivalent number of qualified teacher entrants and leavers to/from state funded schools, England, year to November 2017⁸

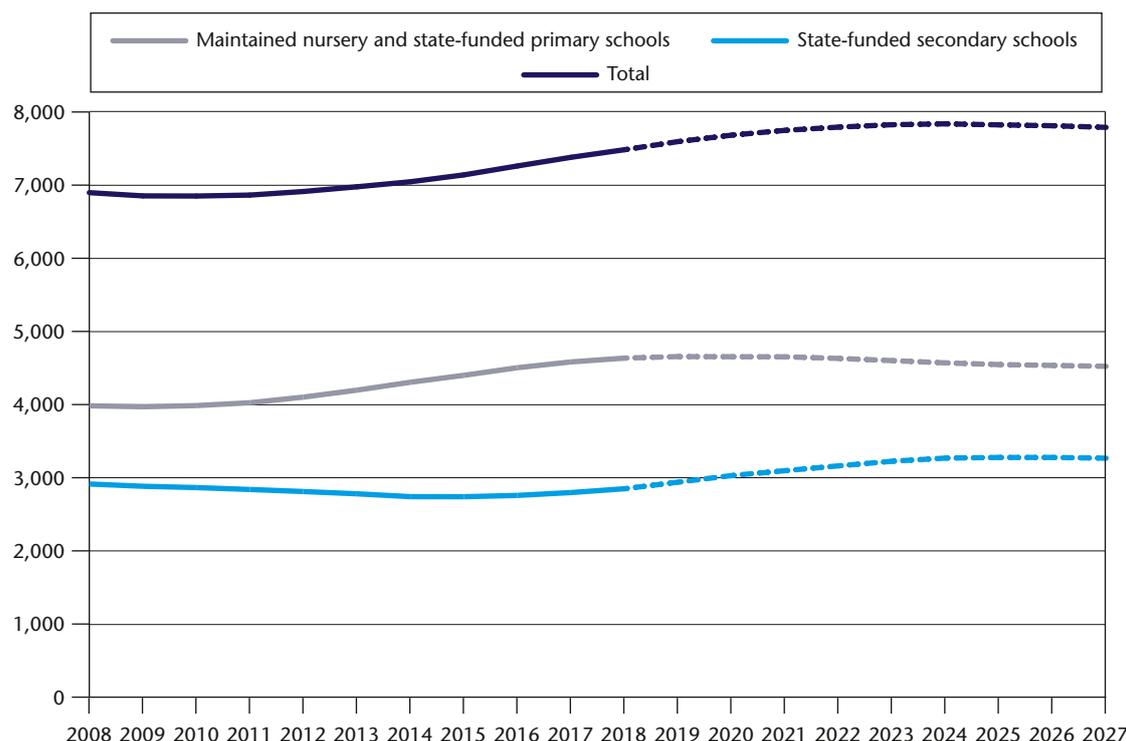


Future teacher demand and graduate supply

- 3.13 While changes in pupil numbers do not directly translate into required numbers of teachers, they nonetheless provide some measure of changing demand. Figure 2 highlights changes in pupil numbers over the last 10 years as well as a projection of the number of pupils from 2019 to 2027. The overall number of pupils in state-funded primary schools increased by 1.1 per cent to 4,635,000 between 2017 and 2018. By 2027, however, the primary school pupil population is projected to decrease by 2.4 per cent compared to 2018.
- 3.14 In 2018, the number of pupils in state-funded secondary schools reached 2,849,000 – a 1.9 per cent increase from 2017. By 2024, the pupil population in secondary schools is expected to grow by a further 419,000 to 3,268,000, a 14.7 per cent increase, and then remain around that level for several years.

⁸ OME analysis of Department for Education’s School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>

Figure 2: Number of pupils aged up to and including 15, England (thousands)⁹



3.15 In terms of teacher supply, young graduates form the largest component of each cohort of NQTs. In this context, we note that the typical graduate-age population is forecast to shrink over coming years (with a projected decrease of 8 per cent in the number of 21-year olds between 2019 and 2023)¹⁰.

Pupil to teacher ratios

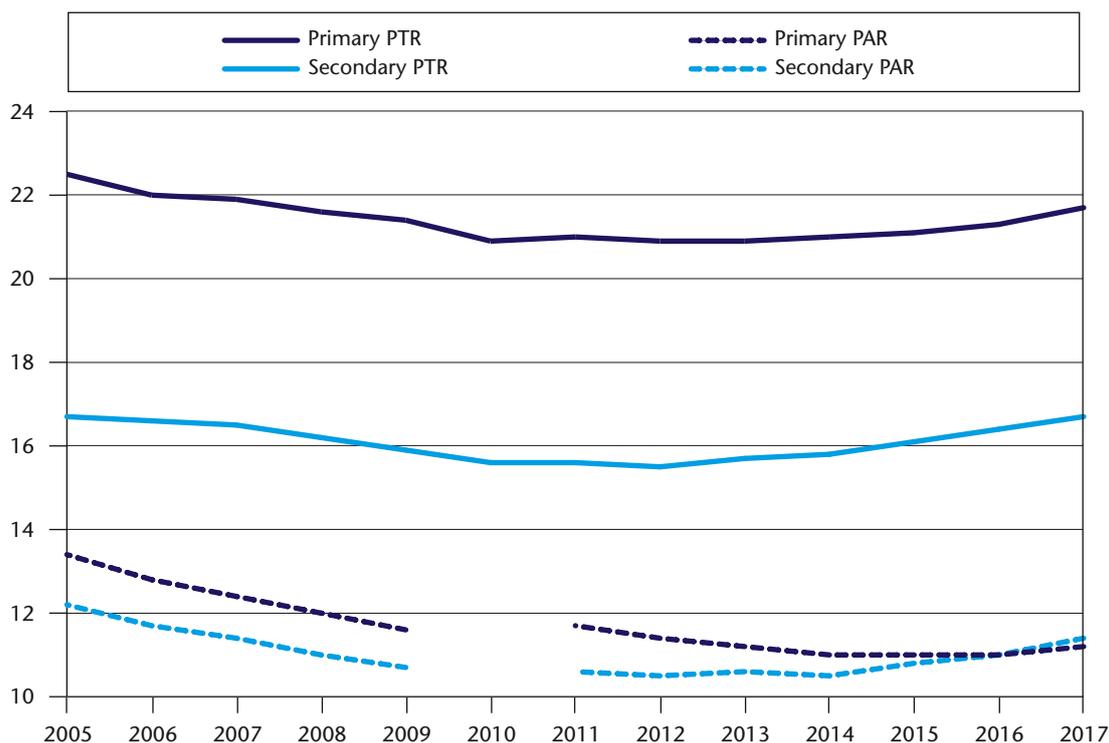
3.16 The ratio of pupils to qualified teachers in both primary and secondary schools decreased between 2005 and 2012 (see Figure 3). Since 2012, the ratio has increased from 20.9 to 21.7 in primary schools and from 15.5 to 16.7 in secondaries.

3.17 Following decreases in the pupil-adult ratio in primary schools between 2005 and 2014, the ratio has since plateaued. The corresponding rate in secondary schools fell between 2005 and 2009. It was then stable until 2014 and has since modestly increased due to increasing pupil numbers and slight falls in support staff numbers.

⁹ OME analysis of Department for Education Pupil Projections. Data available here: <https://www.gov.uk/government/statistics/national-pupil-projections-july-2018>

¹⁰ OME analysis of ONS population data. Data available here: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/z3zippedpopulationprojectionsdatafilesengland>

Figure 3: Pupil-teacher and pupil-adult ratios in state funded schools, England, 2011 to 2017¹¹



Teacher vacancies

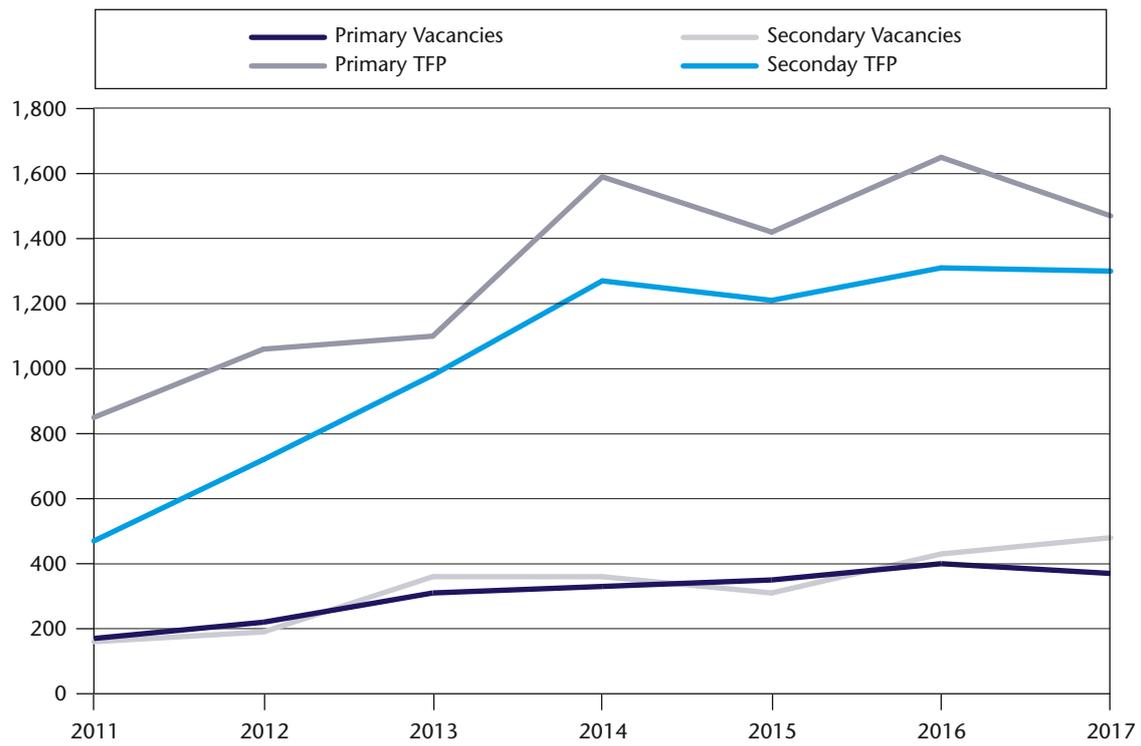
3.18 In 2017, the headline vacancy rate¹² across all state-funded schools in England remained at 0.3 per cent. The vacancy rates for head teachers, deputy heads and classroom teachers were 0.1 per cent, 0.3 per cent and 0.3 per cent respectively.

3.19 The number of official recorded full-time vacancies across state-funded schools in England reached 940 in 2017, the highest number recorded using the current methodology. Within the headline total, secondary schools saw a continued increase in recorded vacancies, while primary schools saw a small reduction. 2017 saw a fall in the number of posts recorded as being temporarily filled by a teacher contracted for at least one term, but less than a year.

¹¹ OME analysis of Department for Education’s School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>. No pupil-adult ratio data are available for 2010.

¹² Advertised vacancies for full-time permanent appointments (or for appointments lasting the duration of at least one term).

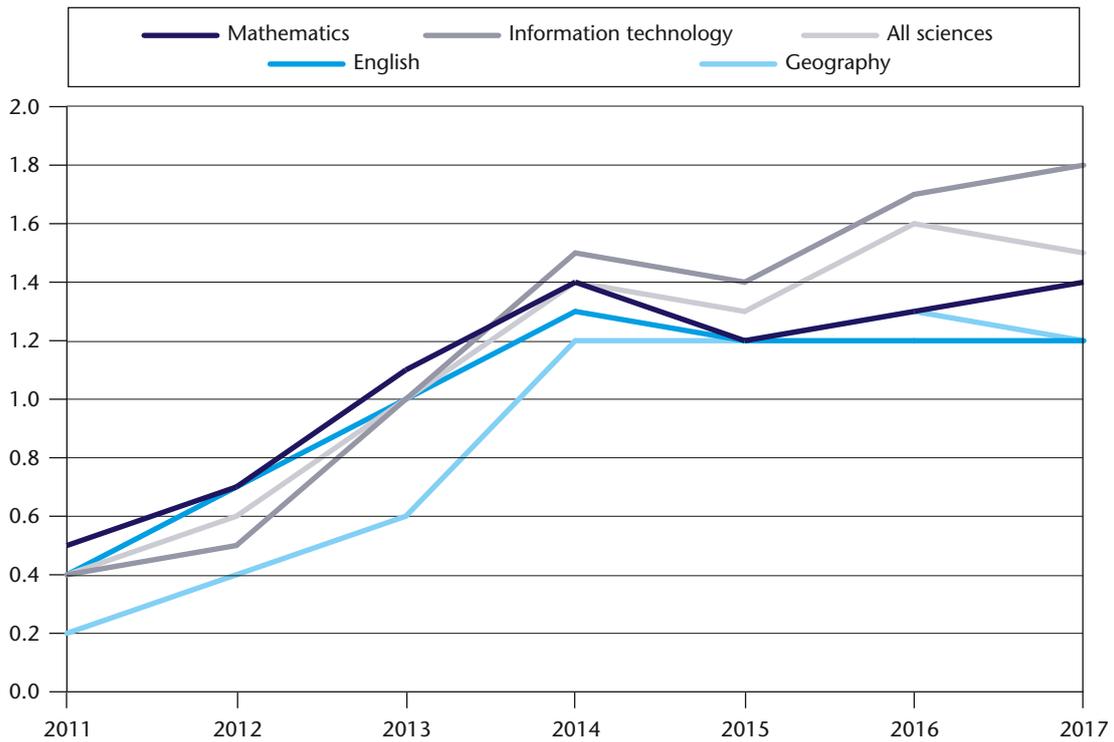
Figure 4: Full-time teacher vacancies and temporarily filled posts, England, 2011 to 2017¹³



3.20 Using the broader definition of vacancies plus temporarily filled posts, the secondary subjects with the highest vacancy rates in 2017 were information technology, sciences, mathematics, English and geography. Figure 7 presents recent years' rates for these subjects and shows the vacancy rates were typically around one percentage point higher in 2017 than they had been in 2011.

¹³ OME analysis of Department for Education's School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>

Figure 5: Vacancy rates (%) in 2017, selected secondary subjects, England, 2011 to 2017¹⁴



3.21 The official aggregated vacancy rates should be treated with caution, as they can mask a number of issues, including (but not limited to):

- The number of vacancies across the academic year, as opposed to a November snapshot.
- Geographical variations in vacancies.
- The availability of sufficient, suitably qualified, specialist subject teachers.

Teacher retention

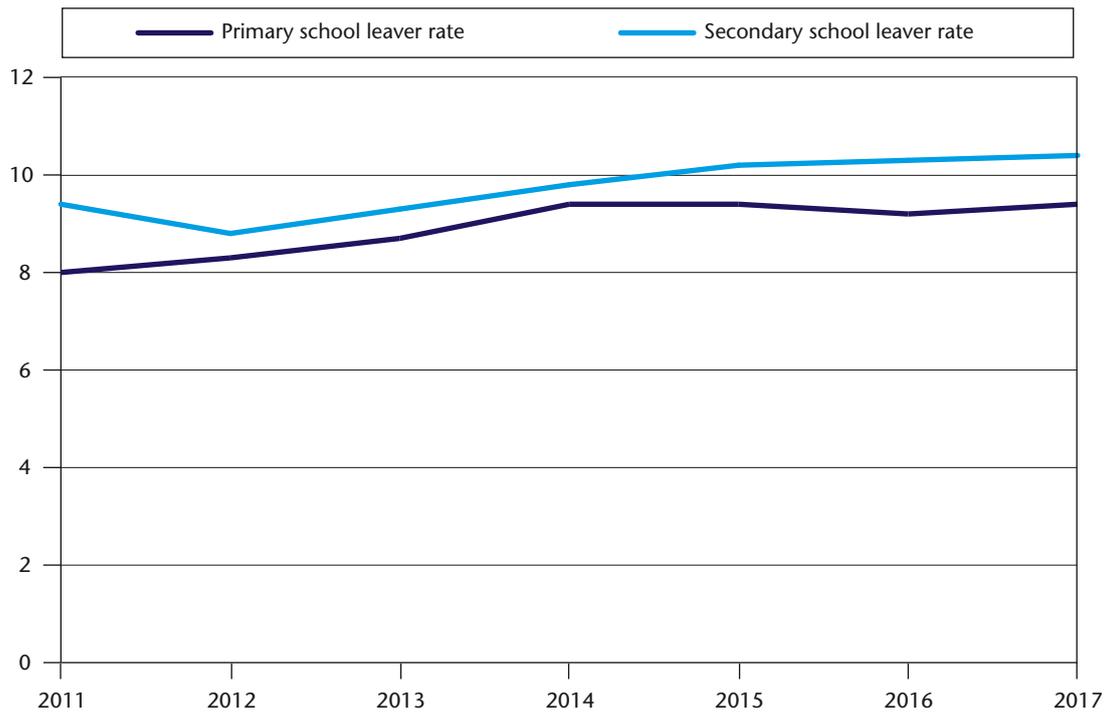
3.22 The total number of FTE teachers leaving state-funded schools increased slightly from 42,690 in 2016 to 42,830 in 2017 (a 0.3 per cent increase). The headline leaving rate was unchanged at 9.9 per cent¹⁵. The rates for primary and secondary schools were 9.4 per cent and 10.4 per cent respectively (see Figure 6 below).

3.23 In 2017, the leaving rate for part-time teachers was 13 per cent, compared to 9.4 per cent for full-time teachers. The leaving rate for male teachers was 10.6 per cent, while the female rate was 9.7 per cent.

¹⁴ OME analysis of Department for Education's School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>

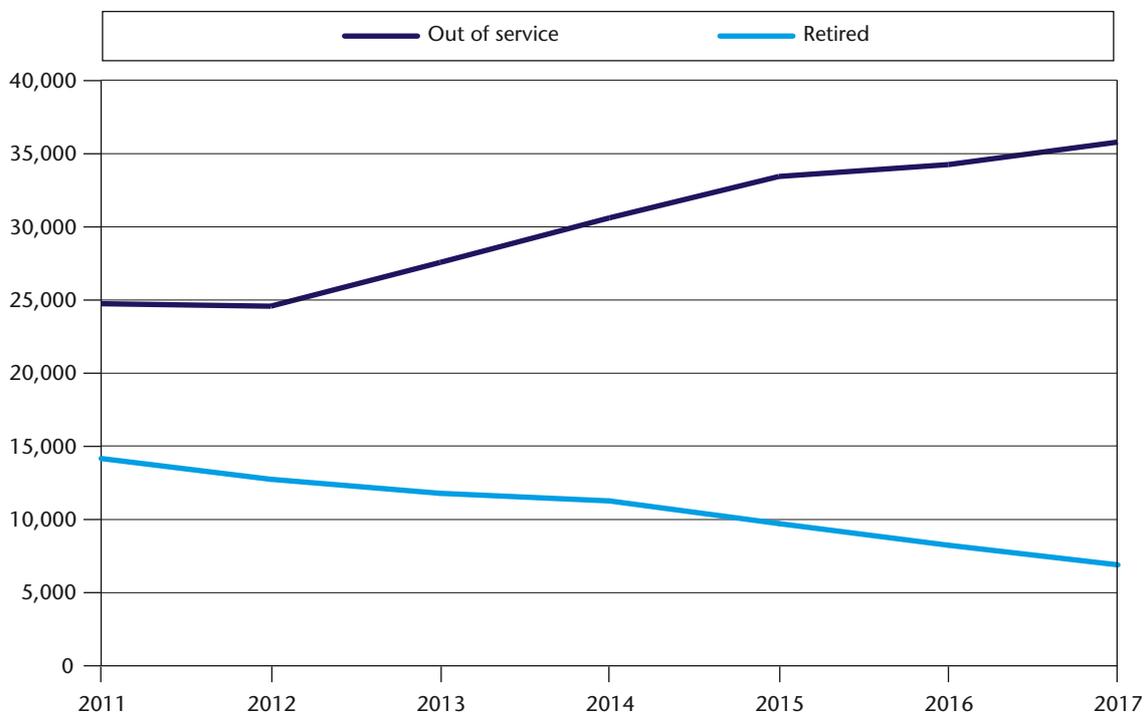
¹⁵ The leaving ('wastage') rate is FTE total teacher leavers as a proportion of the total number in service (FTE) at the end of the year.

Figure 6: Full-time equivalent leaving rates (%), England, 2011 to 2017¹⁶



3.24 Since 2011, there has been a divergence between the number of resignations ('out of service') and retirements, with a 45 per cent increase in resignations, and a 51 per cent decrease in retirements (see Figure 7).

Figure 7: Number of resignations ('out of service') and retirements, England, 2011 to 2017¹⁷

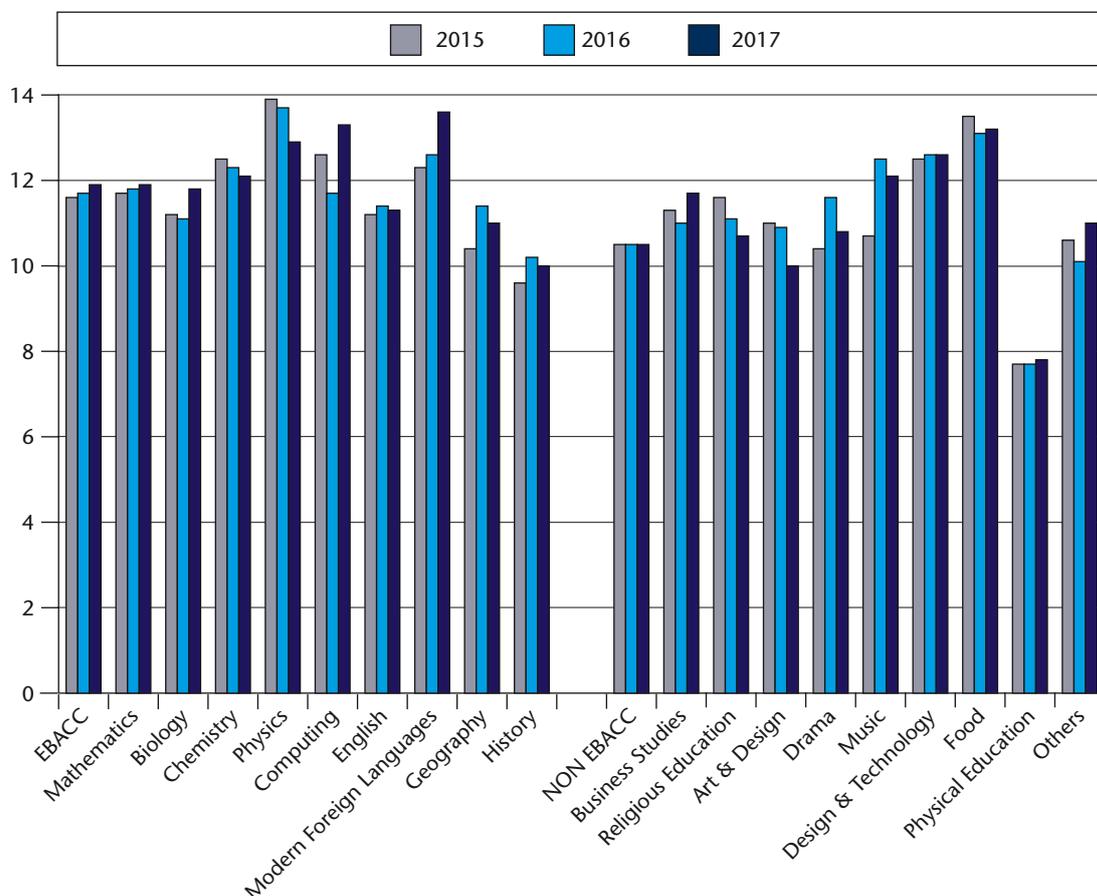


¹⁶ OME analysis of Department for Education's School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>

¹⁷ OME analysis of Department for Education's School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>

3.25 Figure 8 shows the leaving rate by secondary subject¹⁸ in 2015, 2016 and 2017. It shows that rates have been relatively stable within subjects but that rates vary between subjects with English Baccalaureate (EBacc) subjects having a higher wastage rate than non-EBacc subjects overall.

Figure 8: Leaving rate (%) by secondary subject, England, 2015 to 2017¹⁹

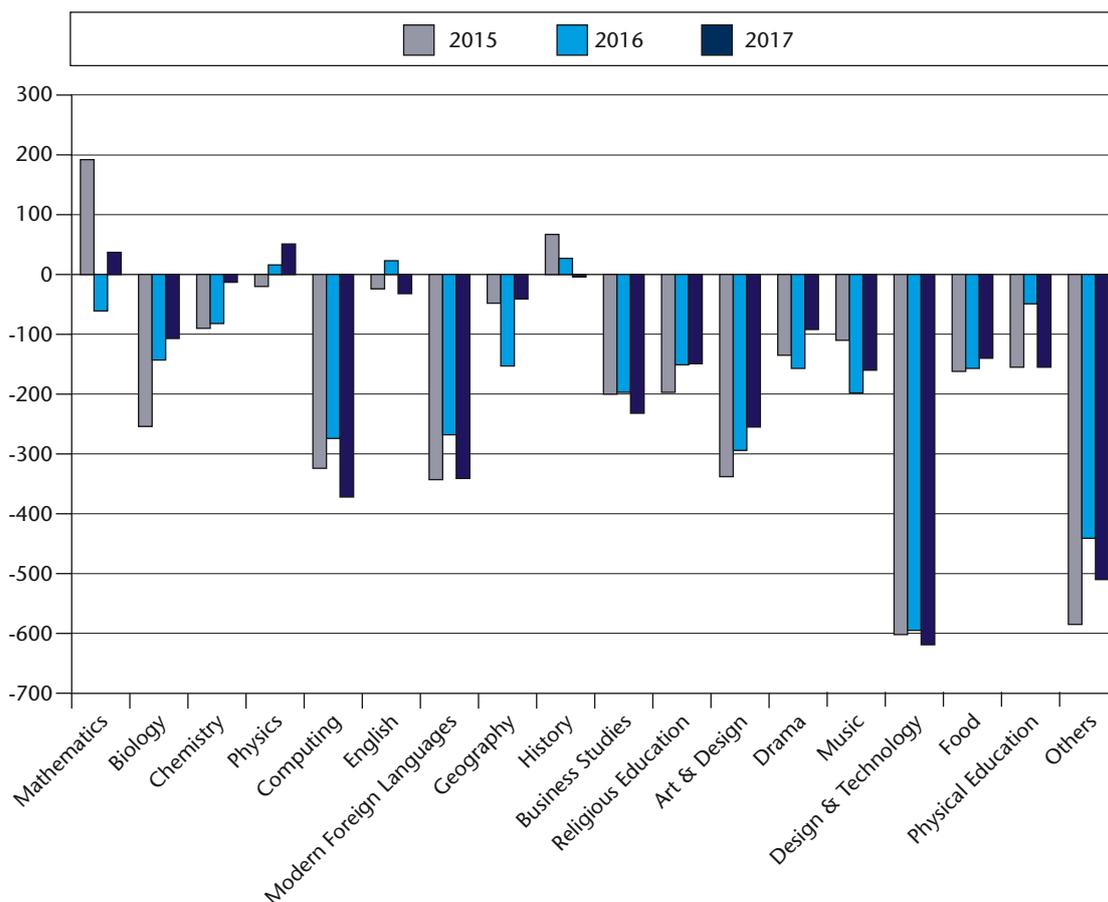


3.26 In terms of absolute numbers, there were at least 3,000 more leavers than joiners each year between 2015 and 2017. More teachers left the profession than entered in every subject except mathematics and physics in 2017. In 2016, this was the case for all subjects except English, physics and history. In 2015, this was the case for all subjects except mathematics and history.

¹⁸Based on the main subject taught by a teacher.

¹⁹OME analysis of Department for Education School Workforce data. Available here: <https://www.gov.uk/government/statistics/teachers-analysis-compendium-4>

Figure 9: Difference between number of joiners and leavers, by subject, England, 2015 to 2017²⁰



Early career teachers

Teachers' starting salaries compared to other graduates

3.27 Data relating to the earnings of new graduates vary in their timeliness and respondent base. The Institute of Student Employers (ISE) and High Fliers provide data up to 2018 and are weighted towards large 'graduate scheme' recruiters, which tend to recruit significant numbers of graduates in London and the South East. The Higher Education Statistics Authority (HESA) data are taken from its Destination of Leavers from Higher Education (DLHE) survey. This is an official survey sent to all students approximately six months after graduation, which consequently covers a broader range of graduate employment destinations, although we focus on first and higher degree holders entering other *professional occupations*²¹. The latest HESA data relate to 2017 graduates.

3.28 Figure 10 summarises the headline graduate median starting salaries reported by HESA, ISE and High Fliers compared to teachers' minimum starting pay. The High Fliers report suggests that starting salaries have remained stable at £30,000 in 2018. The ISE publication suggests that starting salaries increased by 0.9 per cent from £28,000 in 2017 to £28,250 in 2018. The HESA data, covering a broader range of employers, suggests a lower median starting salary of £25,500 for those entering *professional occupations*. While

²⁰ OME analysis of Department for Education School Workforce data. Available here: <https://www.gov.uk/government/statistics/teachers-analysis-compendium-4>

²¹ The Standard Occupational Classification (SOC) 2010 states that most occupations in this major group will require a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training. The 'other *professional occupations*' used in this analysis comparator group excludes teachers. Note that the Department for Education and some teacher unions define their comparator groups differently.

teachers' minimum starting salaries in England (outside of London) were lower than the median salaries in each of these sources, there is some evidence here that the gap has narrowed. Teachers' minimum starting salaries in Inner London were more competitive, exceeding the HESA median for London but lower than the High Fliers (national) figure.

- 3.29 High Fliers confirmed that investment banking, followed by law and consultancy firms, offered the highest median starting salaries (at £47,000 and £45,000 respectively) while ISE suggested the highest paying sectors were law and digital (£37,600 and £34,750 respectively).

Figure 10: Graduate starting salaries (median), 2012 to 2018²²

	2012 graduates	2013 graduates	2014 graduates	2015 graduates	2016 graduates	2017 graduates	2018 graduates
HESA	£25,000 (£27,000 London)	£25,000 (£26,000 London)	£25,000 (£27,000 London)	£25,000 (£27,000 London)	£25,000 (£27,000 London)	£25,500 (£27,580 London)	– –
ISE (previously AGR)	£26,000	£26,500	£27,000	£27,000 (£28,000 London)	£27,500 (£29,500 London)	£28,000 (£32,000 London)	£28,250 Not available
High Fliers	£26,000	£29,000	£29,500	£30,000	£30,000	£30,000	£30,000
Teachers²³	£21,588 (£27,000 Inner London)	£21,804 (£27,270 Inner London)	£22,023 (£27,543 Inner London)	£22,244 (£27,819 Inner London)	£22,467 (£28,098 Inner London)	£22,917 (£28,660 Inner London)	£23,720 (£29,664 Inner London)

HESA Destination of Leavers from Higher Education (DLHE)²⁴

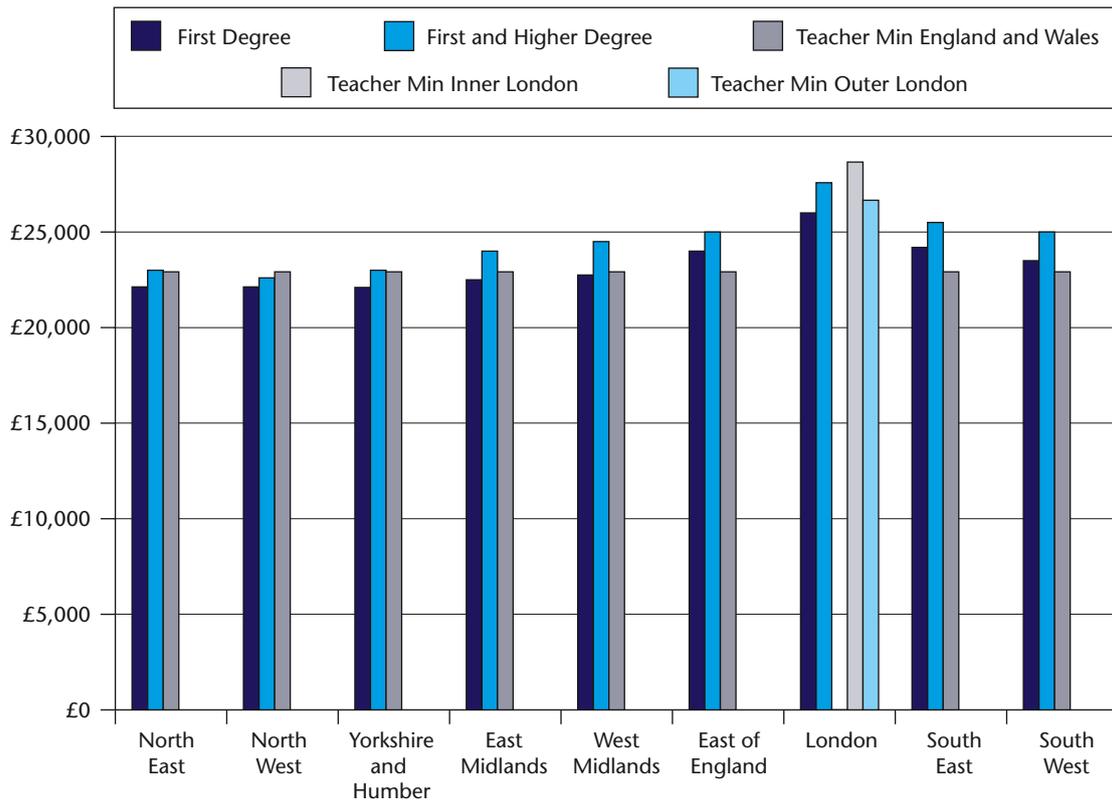
- 3.30 The following charts focus on the HESA data for 2017 graduates and provide our analysis of the salaries of graduates entering non-teaching *professional occupations* in a wide range of organisation types. The survey records over 50,000 salaries each year in this group of occupations. The HESA data include some rounding, therefore caution must be taken when interpreting small differences between groups or over time. The 'first degree' comparator group refers to graduates entering employment following their first degree whereas the 'first or higher degree' comparator group additionally includes graduates obtaining a higher degree (for example, masters or PhD). The prevalence of higher degree graduates varies by occupation and, in some cases, further degrees have been undertaken by individuals at later points in their careers.
- 3.31 Figure 11 compares the minimum starting salary of teachers with the median starting salary of first degree, and first and higher degree, graduates entering other *professional occupations*. While the minimum of the Main Pay Range has been used as a benchmark for teachers, some schools do use the freedom they have to pay more. The chart shows that in the North of England, the Midlands and London, teachers' minimum starting salary was generally competitive against the median starting salary of first-degree graduates entering other *professional occupations*. In the South East, South West and East of England, however, teachers' minimum starting salary was lower than the median starting salary of the comparator group.
- 3.32 When higher degrees were additionally factored into the comparator group, teachers' minimum starting salaries fell below the comparator group in all regions except Inner London and the North West.

²² OME analysis of ISE, High Fliers and HESA Destination of Leavers from Higher Education (DLHE) data.

²³ Teachers' figures are the minima of the MPR. Schools do have the flexibility to pay new teachers more than the range minimum.

²⁴ Charts in this section are based on OME analysis of HESA DLHE (Destination of Leavers from Higher Education) data.

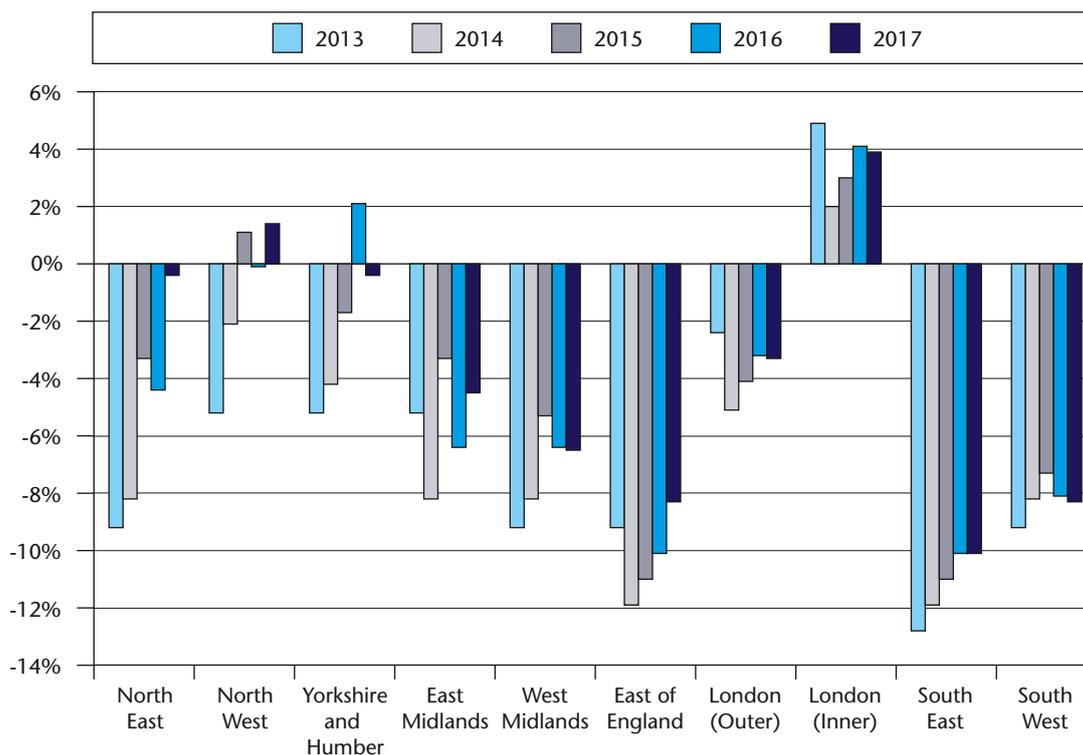
Figure 11: Teachers' minimum starting salaries compared to median starting salaries of 2017 graduates entering other *professional occupations*²⁵



3.33 Figure 12 provides a time series of the percentage difference between the minimum starting salaries of teachers and the estimated median starting salaries of graduates with a first or higher degree entering other *professional occupations* by region. The general pattern across the period sees teachers' minimum starting salary falling below the comparator group (except in Inner London) but with some narrowing of the gap over recent years. Differentials have generally been greatest in the South East, South West and the East of England.

²⁵Based on OME analysis of unpublished HESA DLHE (Destination of Leavers from Higher Education) data.

Figure 12: Percentage difference between teachers' minimum starting salaries and the median starting salaries of graduates entering other *professional occupations*²⁶



Position of the early career teachers' pay framework in the earnings distribution in the wider economy

3.34 We have examined the relative position of the teachers' pay framework by tracking the position of the minima and maxima of the three STPCD pay ranges²⁷ in the wider distribution of earnings. We compare against both the earnings of those working in *professional occupations* and, to provide a wider context, the earnings distribution across the whole economy. The data cover the period to 2017/18 so take no account of the September 2018 uplift to the pay ranges.

3.35 Figure 13 below focuses on the Main Pay Range and shows that, since 2010/11:

- Restricting the comparator to the earnings of those in *professional occupations*, we find that the minimum and maximum of the Main Pay Range have deteriorated (the minimum moving from the 10th to the 8th percentile, the maximum from the 36th to the 35th percentile).
- In the context of whole economy earnings, the relative positions of the minimum and maximum of the Main Pay Range have deteriorated more markedly (the minimum moving from the 36th to the 31st percentile, the maximum from the 64th to the 60th percentile).

²⁶ Based on OME analysis of unpublished HESA DLHE (Destination of Leavers from Higher Education) data.

²⁷ Pay ranges for England outside London and the Fringe.

Figure 13a: Position of the Main Pay Range in the percentile distribution of wider economy earnings (*professional occupations only*), England, 2010/11 to 2017/18²⁸

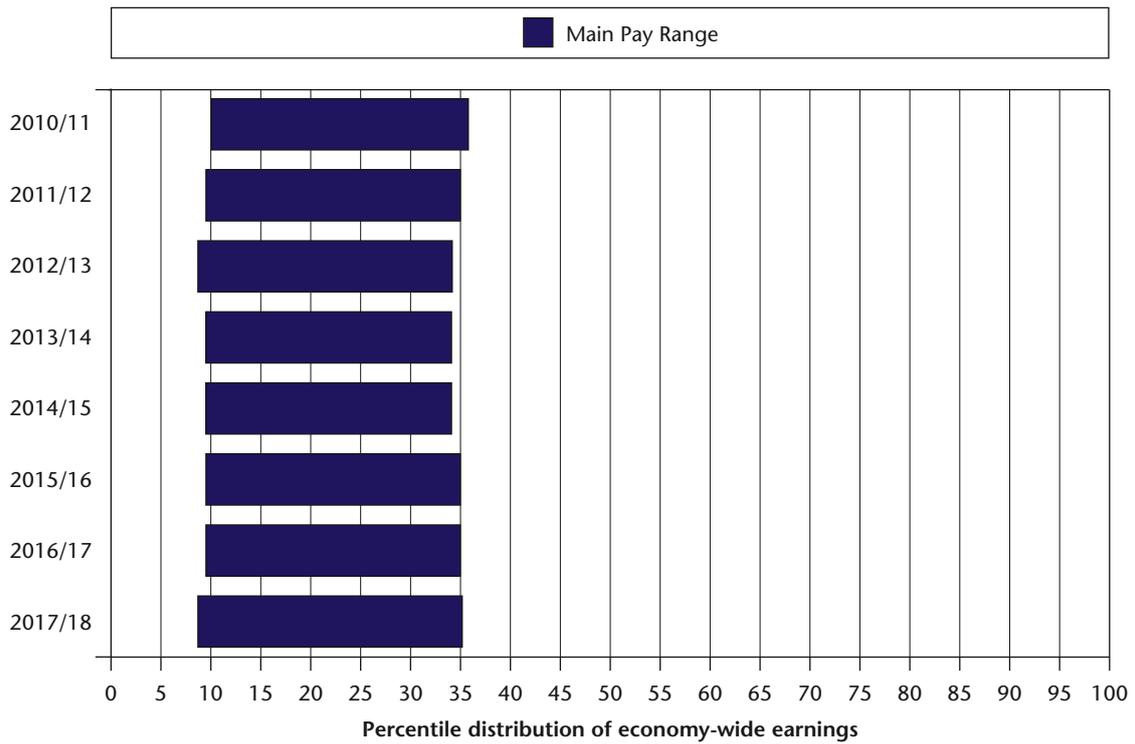
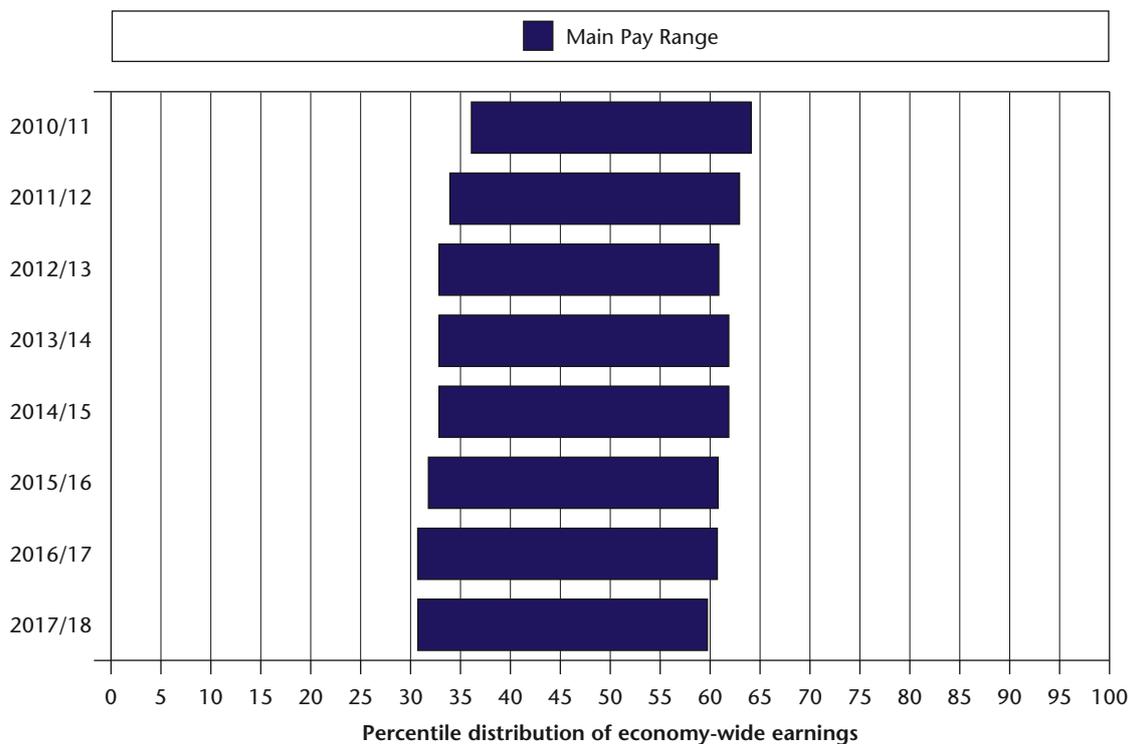


Figure 13b: Position of the Main Pay Range in the percentile distribution of wider economy earnings, England, 2010/11 to 2017/18



²⁸ Figures 13a and 13b are based on OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) annual earnings data for full-time employees

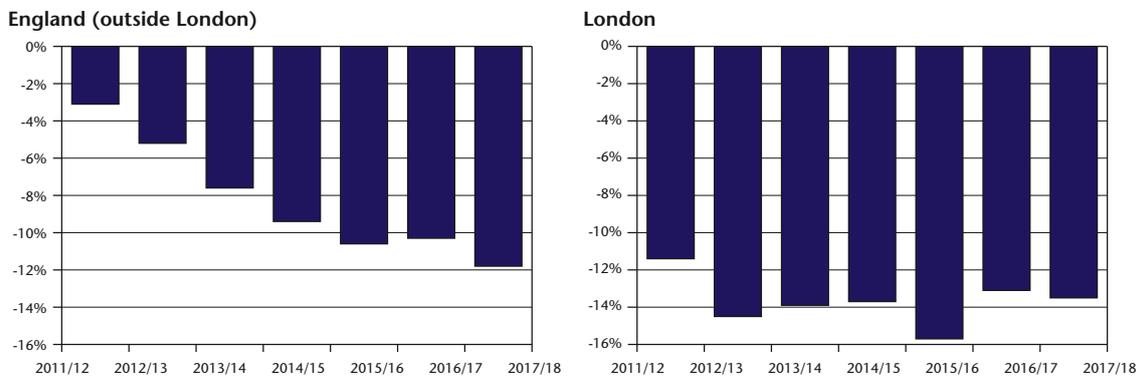
Comparative earnings

3.36 In order to further examine the relative position of early career teachers' earnings, we have analysed the earnings of teachers and those working in other *professional occupations* by broad age bands. In order to maintain reasonable sample sizes, this analysis is conducted for London and the rest of England. For the purposes of early career teachers, we focus on the 21-30 age group.

3.37 Figures 14a and 14b present the pay comparisons in the form of the percentage differential between teachers' earnings and those of the comparator group (where a negative figure indicates that teachers' earnings fall below those of the comparator). The charts show:

- The earnings of classroom teachers in London and the rest of England were below those of the comparator group in each of the last seven years; the gap was largest in London; outside London, there was a pattern of these gaps increasing over time.

Figures 14a – 14b: Percentage difference between full-time classroom teachers' median earnings and those in other *professional occupations* (21-30 year olds), England, 2011/12 to 2017/18²⁹



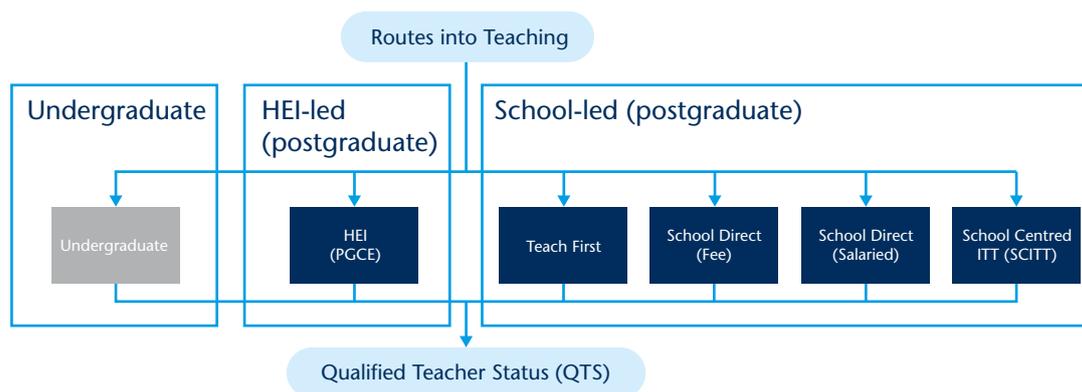
Initial Teacher Training (ITT) recruitment and retention of early career teachers

3.38 Typically, just over half of entrants to the profession are NQTs (54 per cent in 2017). The remainder are returners to the profession (34 per cent in 2017) or qualified teachers new to the state school sector (12 per cent in 2017)³⁰. To become a qualified teacher in England, trainees typically complete a programme of ITT. There are a number of pathways into teaching which are set out in Figure 15 below.

²⁹ OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) and Department for Education School Workforce Census data.

³⁰ Department for Education School Workforce statistics. Qualified teachers new to the state school sector include deferred NQTs, these are teachers who have qualified a year before taking up their first teaching post in a state-funded school. It also includes teachers new to the publicly funded sector, these are teachers who take up their first post in a state-funded school 2 or more years after qualifying. The Department does not collect the reasons why a teacher may defer taking up their first teaching post or where teachers joining the state-funded sector come from.

Figure 15: Pathways into teaching



ITT in 2018/19³¹

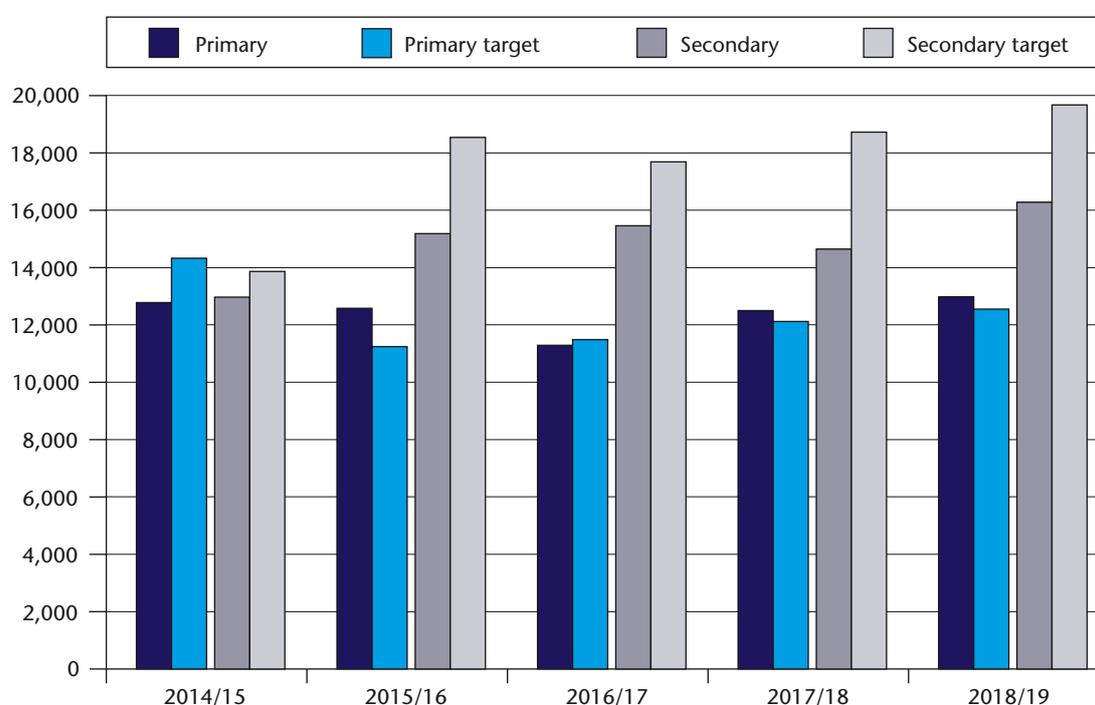
- 3.39 There were 5,335 new entrants starting an undergraduate ITT programme in 2018/19. The vast majority of undergraduate ITT students (some 95 per cent in 2017) are training to be primary school teachers. The Department takes account of undergraduate trainees in its Teacher Supply Model (TSM), but they are excluded from formal ITT targets which focus on the postgraduate requirement. This is largely because undergraduate ITT operates on a longer cycle and is more difficult to model.
- 3.40 There were 29,255 new entrants to postgraduate ITT courses in the academic year 2018/19 (27,145 in 2017/18). Of these, 29,085 were actual new entrants and 175 were forecast trainees (those expected to start after the point the Department published these statistics).
- 3.41 Figure 16 shows the number of recruits to postgraduate ITT against the overall postgraduate target numbers specified by the TSM. Figure 17 highlights the primary and secondary figures for the past five years.
- The overall number of recruits has fallen short of the overall target for each of the last 7 years, although the absolute target numbers have varied from year to year.
 - In the primary sector, the recruitment target was met in three of the last four years.
 - The secondary sector has not met its recruitment target since 2012/13 and has seen the most significant shortfalls in each of the past four years.

³¹ Analysis of Initial Teacher Training (ITT) recruitment is based on Department for Education’s ITT Census data. Available here: <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2018-to-2019>

Figure 16: Recruitment to postgraduate ITT compared to target, England³²

	Primary			Secondary			Total		
	Number Recruited	Target	% achieved	Number Recruited	Target	% achieved	Number Recruited	Target	% achieved
2010/11	11,107	11,770	94.4%	18,343	15,859	115.7%	29,450	27,629	106.6%
2011/12	12,790	13,040	98.1%	15,590	13,807	112.9%	28,380	26,847	105.7%
2012/13	13,874	14,421	96.2%	14,293	13,817	103.4%	28,167	28,238	99.7%
2013/14	14,005	14,130	99.1%	13,050	13,340	97.8%	27,055	27,470	98.5%
2014/15	12,780	14,328	89.2%	12,970	13,866	93.5%	25,755	28,194	91.3%
2015/16	12,580	11,245	111.9%	15,185	18,541	81.9%	27,760	29,787	93.2%
2016/17	11,290	11,489	98.3%	15,460	17,688	87.4%	26,750	29,176	91.7%
2017/18	12,500	12,121	103.1%	14,645	18,726	78.2%	27,145	30,847	88.0%
2018/19	12,975	12,552	103.4%	16,280	19,674	82.7%	29,255	32,226	90.8%

Figure 17: Recruitment to postgraduate ITT compared to target, England³³

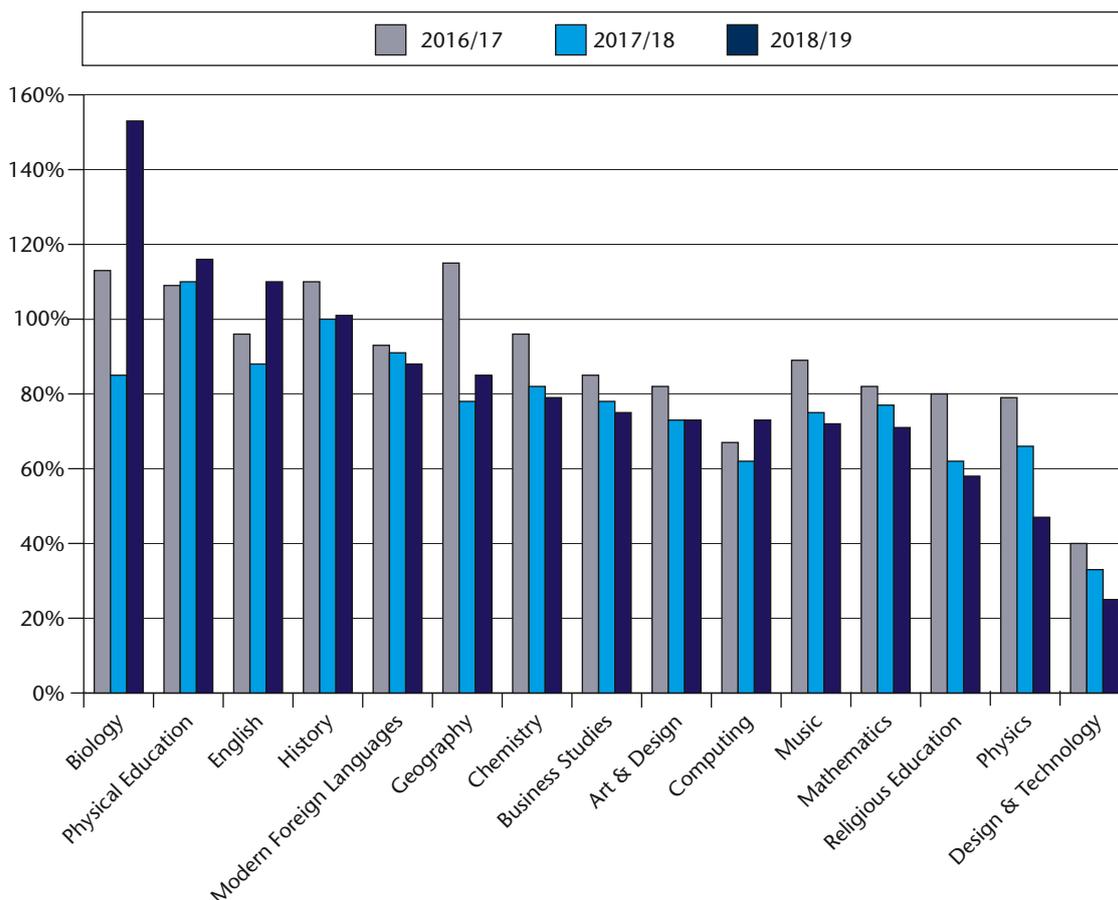


3.42 Figure 18 provides more detail on postgraduate ITT recruitment by secondary subject for 2016/17, 2017/18 and 2018/19. Recruitment levels varied across secondary subjects, but the target was met for just four subjects in 2018/19 (biology, PE, English and history) and most subjects were over 20 per cent below target.

³² OME analysis of Department for Education ITT data. Figures exclude undergraduate ITT. Data available here: <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2018-to-2019>

³³ OME analysis of Department for Education ITT data. Figures exclude undergraduate ITT. Data available here: <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2018-to-2019>

Figure 18: Postgraduate ITT entrants compared to target, by subject, England³⁴



ITT in 2019/20

3.43 The TSM estimates how many trainees are needed to start postgraduate ITT courses in 2019/20. The 2019/20 TSM estimates 864 more postgraduate ITT places are needed compared to 2018/19. This increase is made up of an additional 451 primary places (a 4 per cent increase) and 413 more secondary places (a 2 per cent increase). The increased demand in secondary trainees is not uniform across all subjects.

3.44 Based on the latest data published by UCAS, applications had been received from 25,570 applicants in England for teacher training commencing in Autumn 2019³⁵ (recorded at 15 April). The corresponding figure in the previous annual cycle was 25,550.

Overseas teachers awarded Qualified Teacher Status (QTS)

3.45 Professional recognition and the award of QTS, with no requirement for further training, is possible for two groups of overseas trained teachers: those fully qualified in the European Economic Area (EEA), including Switzerland, and, since 2012, those fully qualified in Australia, Canada, New Zealand and the United States. Outside of these groups, experienced teachers from overseas are allowed to teach unqualified in maintained schools for a 4-year period of grace while they achieve QTS by another route.

³⁴ OME analysis of Department for Education ITT data. Figures exclude undergraduate ITT. Data available here: <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2018-to-2019>

³⁵ Available here: <https://www.ucas.com/data-and-analysis/ucas-teacher-training-statistical-releases>

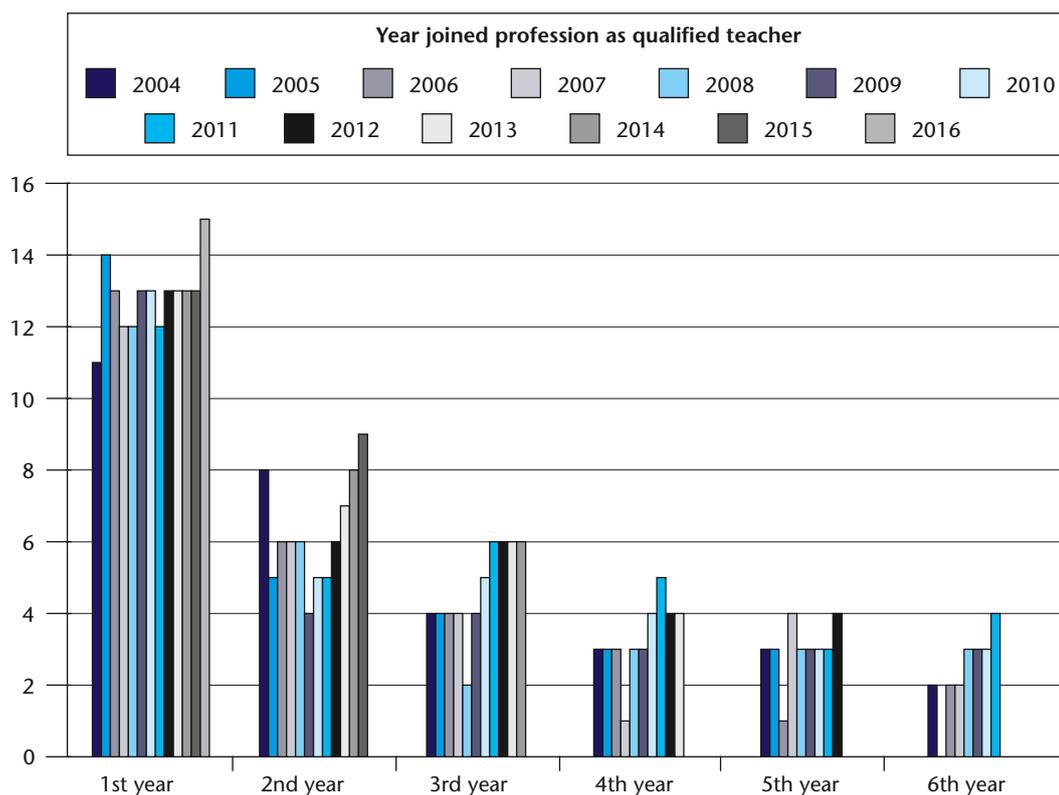
- 3.46 There were 3,525 QTS awards made to qualified teachers from the EEA in financial year 2017-18 (latest available data). This represents a 25 per cent decrease from the financial year 2016-17, when the number of QTS awards was 4,690³⁶.
- 3.47 The number of QTS awards made to teachers from outside the EEA (Australia, Canada, New Zealand and the USA) was 1,475 in financial year 2017-18. This is a 14 per cent decrease from the financial year 2016-17, when the number of QTS awards was 1,715.

Leaving rates by years of service

- 3.48 Our analysis of leaving rates shows that there has been a continuous increase in the cumulative rate of teachers leaving in the early years of their careers. For example, between 2011 and 2017, the percentage of teachers leaving within three years' service increased from 20 per cent to 27 per cent, while the percentage leaving within their first five years increased from 27 per cent to 33 per cent over the same period.
- 3.49 These cumulative data can also be examined by each annual cohort of new entrants which allows us to examine the leaving rate separately for each year of service rather than cumulatively (e.g. the proportion of teachers leaving between their 1st and 2nd year, 2nd and 3rd year, etc). Figure 19 shows:
- The leaving rate after 1 year's service was quite stable at 13 per cent in most recent years, but increased to 15 per cent for 2016 NQTs (measured in 2017).
 - The leaving rate between 1 and 2 years' service has increased markedly from 5 per cent for 2010 and 2011 NQTs to 9 per cent for 2015 NQTs. There has also been a notable increase in the leaving rate between 2 and 3 years' service.
 - The leaving rates for teachers in their 4th, 5th and 6th years appear more stable.

³⁶These figures should be seen in the context of the some 35,000 achieving QTS via undergraduate and postgraduate initial teacher training routes. Data available here:
<https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2018-to-2019>

Figure 19: Leaving rate after each year of service, England³⁷



3.50 The Department for Education has recently released additional analyses which explored the characteristics of teachers leaving in their first five years³⁸. Comparative retention rates after 5 years' service are provided in brackets. Key findings are that:

- Female NQTs were more likely to remain in service in their early career than male NQTs (70 per cent female, 65 per cent male).
- NQTs under 30 were more likely to remain in service in their early career than older NQTs (69 per cent under 30, 66 per cent 30+).
- NQTs who declared their ethnicity as white were more likely to remain in service in their early career than those who declared their ethnicity as black, Asian and minority ethnic (BAME) (69 per cent white, 65 per cent BAME).
- NQTs in primary schools were more likely to remain in service in their early career than those who joined secondary schools (72-74 per cent primary, 65 per cent secondary).
- NQTs who are specialists in non-STEM subjects were more likely to remain in service in their early career than those who are specialists in STEM subjects (e.g. maths 60 per cent, physics 62 per cent, chemistry 63 per cent, while the secondary average was 65 per cent).

3.51 The Department also found that:

- NQTs outside the capital were more likely to remain in service in their early career than those who started as an NQT in London.

³⁷ OME analysis of Department for Education School Workforce data. Leaving rates are based on available rounded data. Note that there are necessarily fewer observations where more recent years' NQTs have completed fewer years of service. Published data available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>

³⁸ Department for Education (2018) *Analysis of teacher supply, retention and mobility* – https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748164/Teachers_Analysis_Compendium_4_.pdf

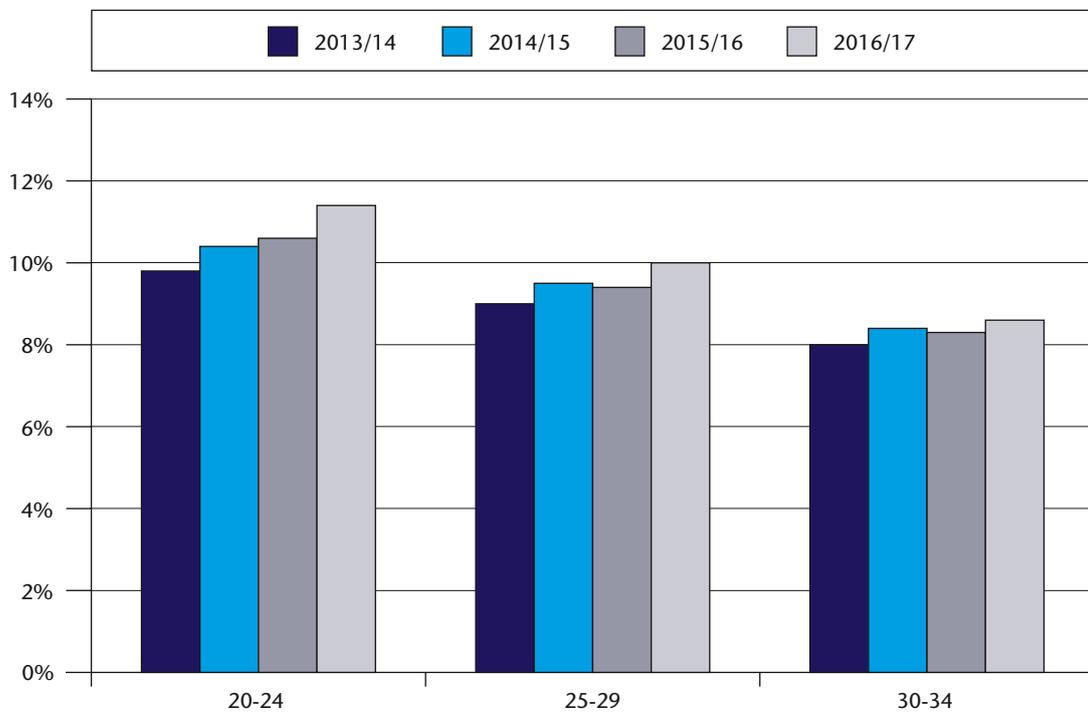
- NQTs who trained in a Higher Education Institution (HEI) were more likely to remain in service than those who went through a school-based route.
- NQTs who did an undergraduate trainee course were more likely to remain in service in their early career than those who did a postgraduate trainee course.

Leaving rates by age

3.52 We have examined the number of teachers leaving the state-funded school sector by age. In the particular context of early career teachers, Figures 20 and 21 show, separately for primary and secondary schools, the leaving rates for teachers who were aged 20-24, 25-29 and 30-34. They suggest that:

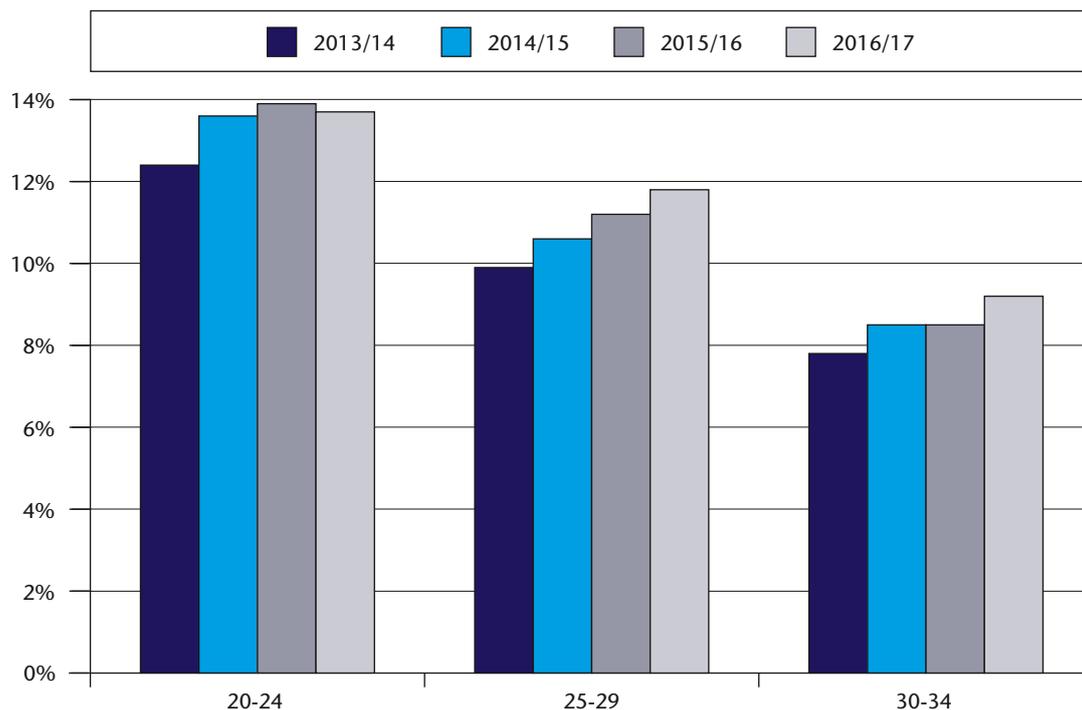
- Leaving rates for young teachers are higher in secondary schools than primary schools.
- Leaving rates for young teachers in both primary and secondary schools have increased over the four years to 2016/17.

Figure 20: Leaving rate from primary schools, by age, England, 2013/14 to 2016/17³⁹



³⁹ OME analysis of Department for Education Teacher Supply Model data. Available here: <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2019-to-2020>. The leaving rate includes all teachers that leave the 'state-funded schools sector' as defined by the TSM except those that leave through retirement or deaths in service.

Figure 21: Leaving rate from secondary schools, by age, England, 2013/14 to 2016/17



Experienced teachers

Position of the teachers' pay framework in the earnings distribution of the wider economy

3.53 We continue our examination of the position of the teachers' pay framework relative to economy-wide earnings. Figure 22 below focuses on the Upper Pay Range (but includes the Main Pay Range for ease of reference). It shows that, since 2010/11:

- Against the earnings of those in *professional occupations*, the relative positions of the minimum and maximum of the Upper Pay Range have deteriorated (the minimum moving from the 44th to the 41st percentile, the maximum from the 53rd to the 50th percentile).
- In the context of earnings across all occupations, the relative positions of the minimum and maximum of the Upper Pay Range have deteriorated (the minimum moving from the 69th to the 64th percentile, the maximum from the 74th to the 70th percentile).

Figure 22a: Position of the Main and Upper Pay Ranges in the percentile distribution of wider economy earnings (*professional occupations only*), England, 2010/11 to 2017/18⁴⁰

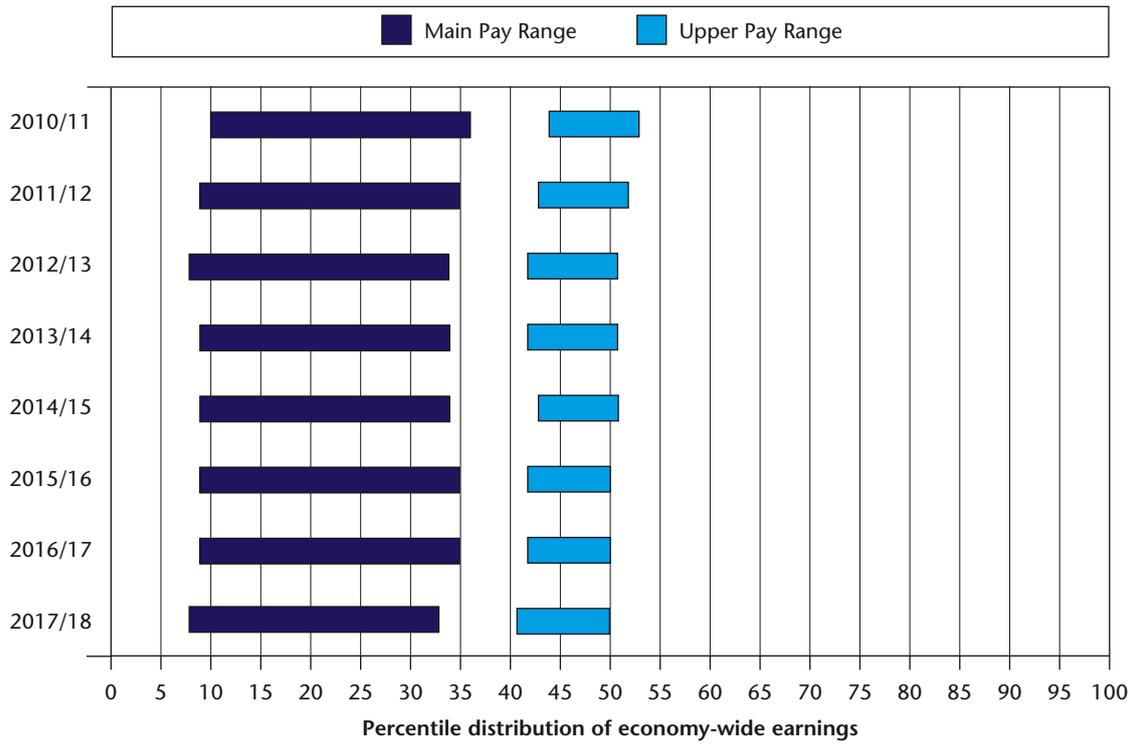
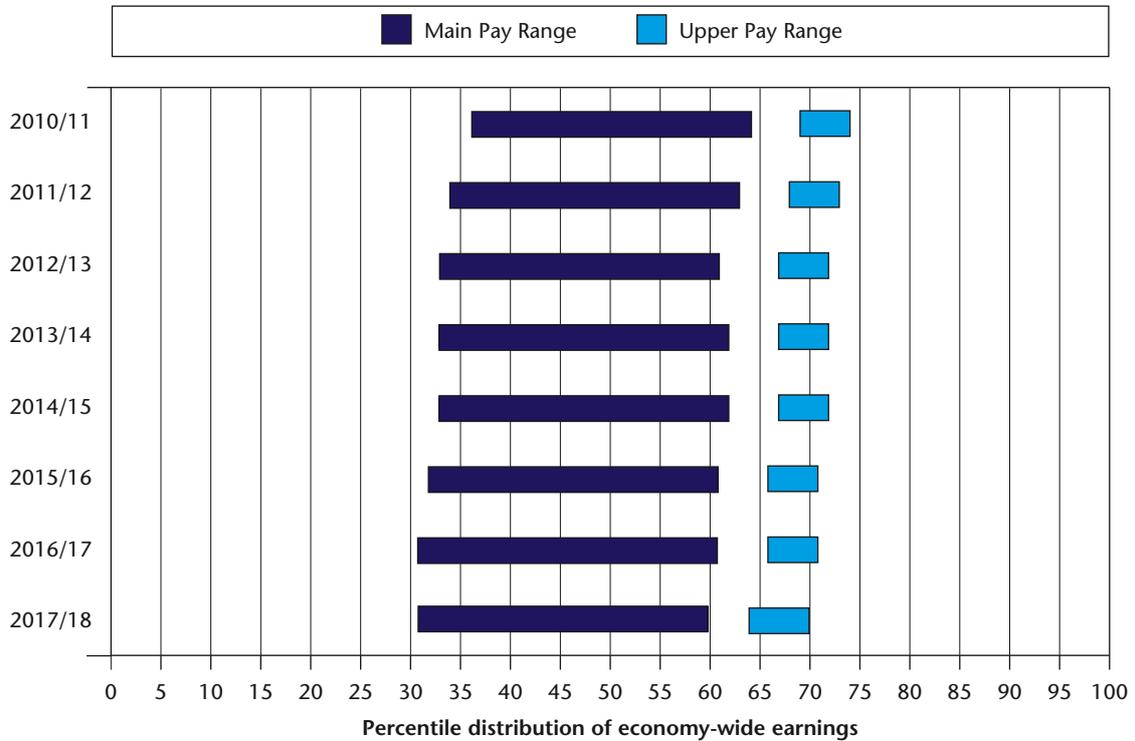


Figure 22b: Position of the Main and Upper Pay Ranges in the percentile distribution of wider economy earnings, England, 2010/11 to 2017/18



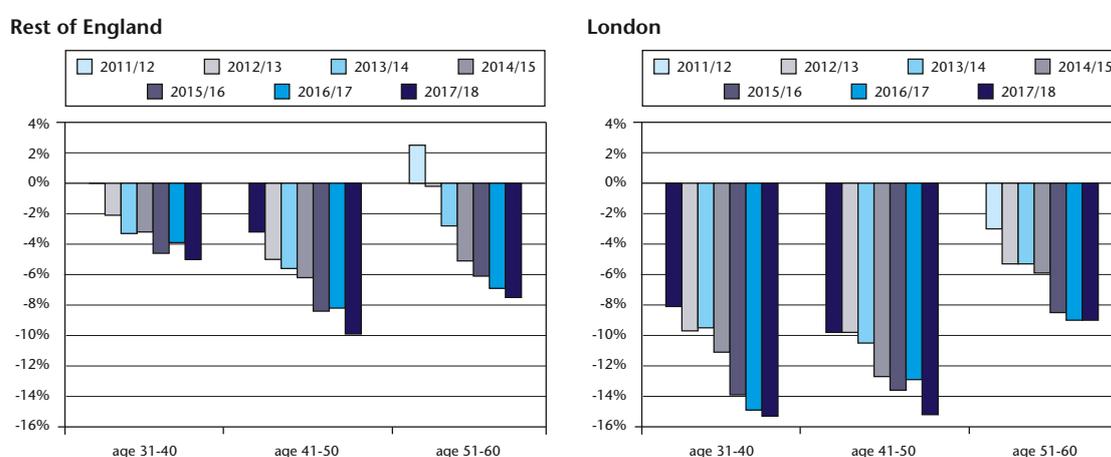
⁴⁰ Figures 22a and 22b are based on OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) annual earnings data for full-time employees.

Comparative earnings

3.54 In order to examine further the relative position of experienced teachers' earnings, we have extended our initial comparison with those working in other *professional occupations* to cover a wider range of age-groups (31-40, 41-50 and 51-60). Figures 23a and 23b present the pay comparisons in the form of the percentage differential between teachers' earnings and those of the comparator group (where a negative figure indicates that teachers' earnings fall below those of the comparator). The charts show:

- The earnings of classroom teachers in London and the rest of England were below those of the comparator group in each of the last six years; the gap was largest in London. There was a general pattern of these gaps increasing over time.
- Outside London, the largest gaps for classroom teachers were associated with the older age-bands (41-50 and 51-60). In London, the largest gaps were associated with younger cohorts (31-40 and 41-50).

Figures 23a and 23b: Percentage difference between full-time classroom teachers' earnings and those in other *professional occupations* by age-band, England, 2011/12 to 2017/18⁴¹



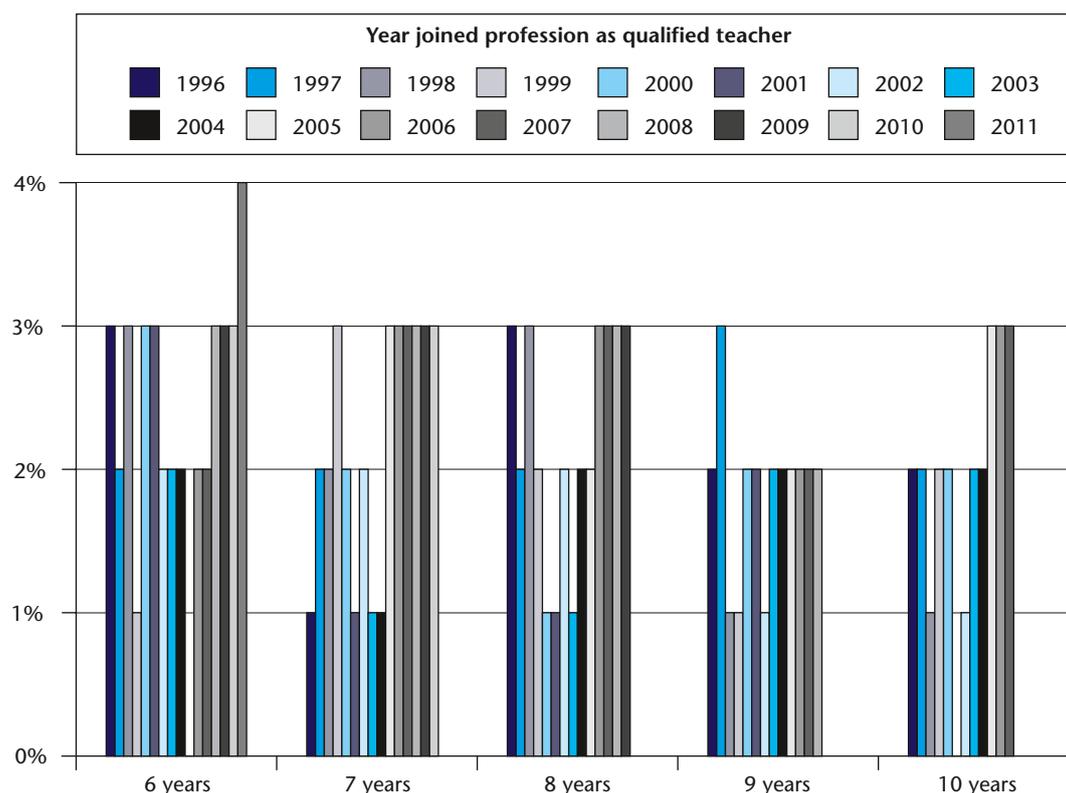
Leavers by years of service

3.55 Historic data allow us to examine leaving rates after each year of service for different cohorts of entrants to the profession (e.g. the proportion of teachers leaving between their 6th and 7th year, 7th and 8th year, etc.). Figure 24 below presents the leaving rates between each year from 6 to 10 years of service (for teachers joining in the period 1996 to 2011). The chart shows:

- Leaving rates here are notably lower than for teachers in their earlier years and have generally been in the 1 per cent to 3 per cent range.
- There is some evidence that rates have tended to be at the higher end of this range in most recent years (e.g. for teachers leaving in their 6th, 7th, 8th and 10th year).

⁴¹ OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) and Department for Education School Workforce Census data.

Figure 24: Leaving rate after each year of service (6-10 years' service), England⁴²



Leaving rates by age

3.56 We have examined the number of teachers leaving the state-funded school sector by age. In the particular context of experienced teachers, Figures 25 and 26 show, separately for primary and secondary schools, the estimated leaving rate in recent years for teachers who are in age-bands from 30-34 through to 55-69. They suggest that:

- Leaving rates for experienced teachers are slightly higher in secondary schools than primary schools.
- Leaving rates across the age-bands from 30-34 to 45-49 increased modestly over the four years to 2016/17. However, there was a much more marked increase in the leaving rates of teachers in their fifties – in both primary and secondary schools.

3.57 The headline leaving rate (not shown in these charts) has increased more sharply in secondary schools (from 7.6 per cent in 2013/14 to 9.4 per cent in 2016/17) than in primary (7.4 per cent to 8.6 per cent over the same period).

3.58 It is worth noting that looking solely at the rates masks the relative sizes of the flows of numbers of teachers leaving from each age category. For example, the stock of teachers aged between 30 and 39 is relatively large which means that the more modest increases in the rates of leaving for this age group contributes the same increase in numbers leaving as the much more substantial rate increase for the older group (55-59).

⁴²OME analysis of Department for Education School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>. Leaving rates analyses are based on available rounded data. Note that the number of observations necessarily decreases as the number of years of service increases – for example, the data for teachers with 10 years' service ends with the 2007 cohort of new joiners.

Figure 25: Leaving rate from primary schools, by age, England, 2013/14 to 2016/17⁴³

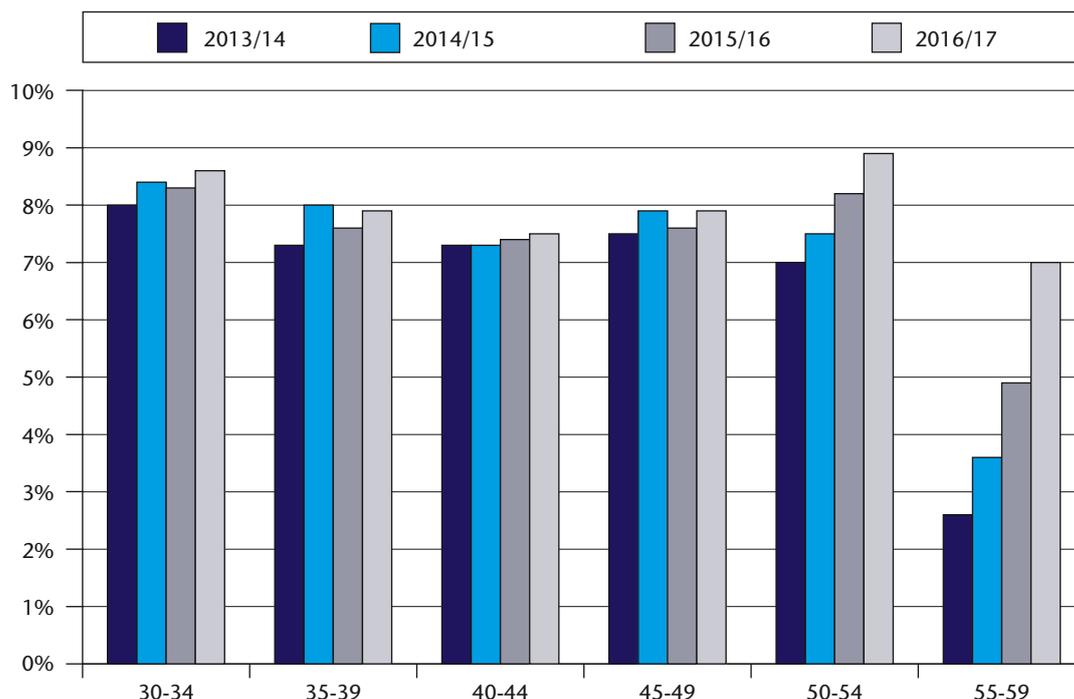
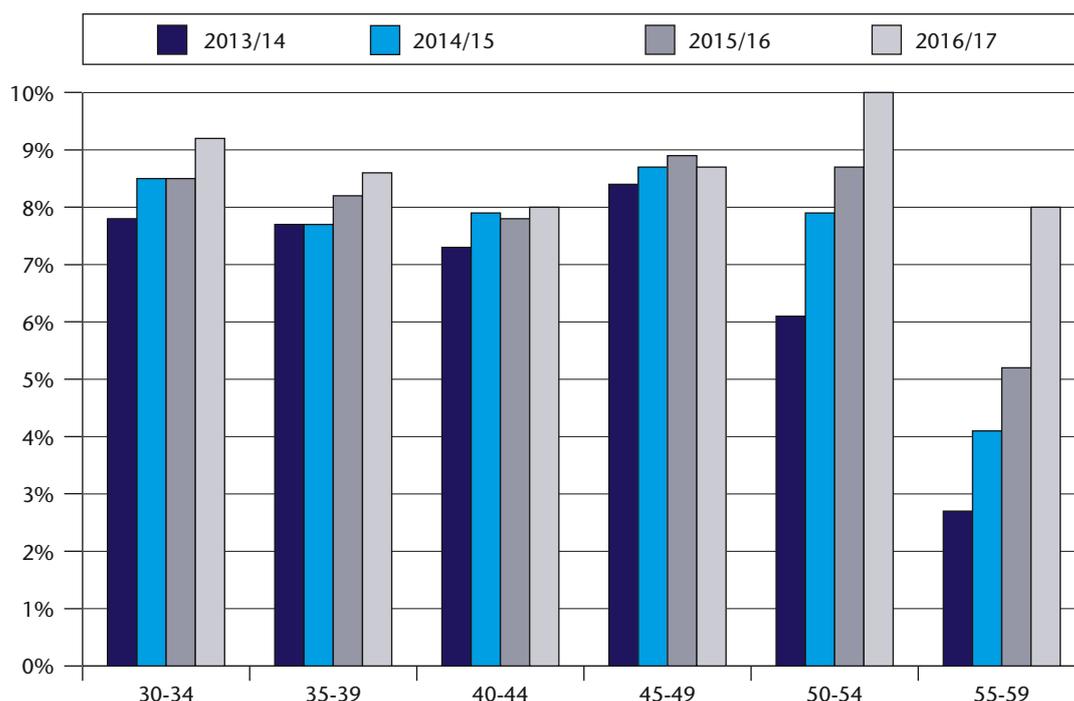


Figure 26: Leaving rate from secondary schools, by age, England, 2013/14 to 2016/17



School leaders

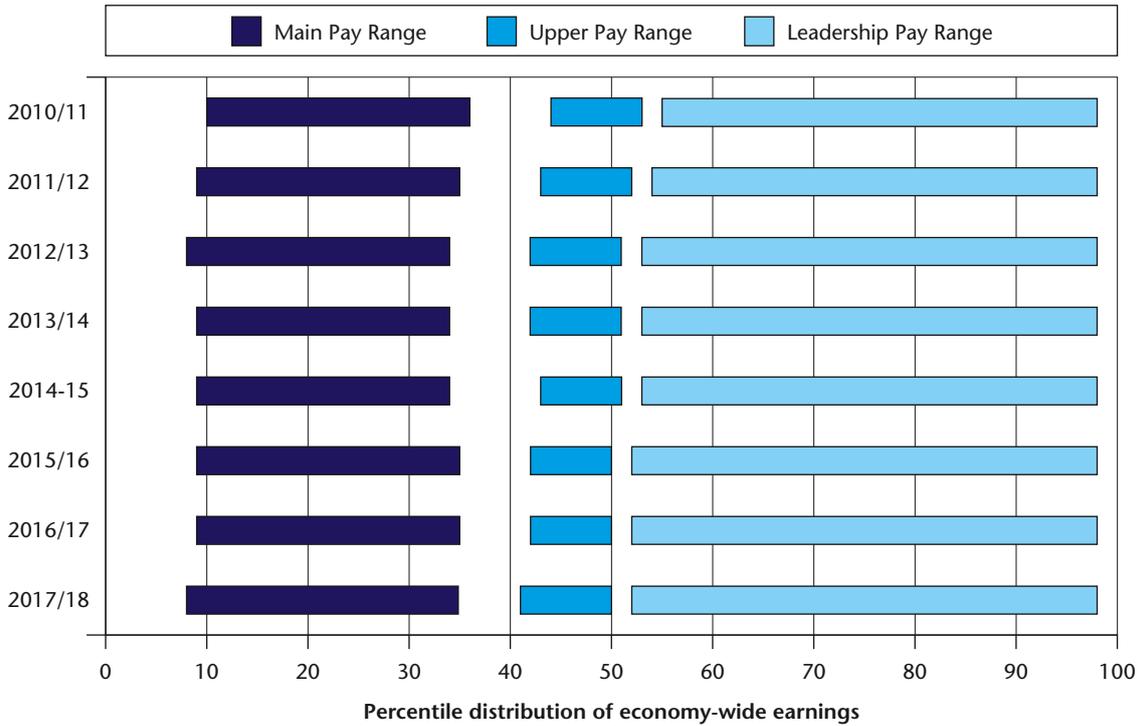
Position of school leaders' pay framework in the earnings distribution of the wider economy

3.59 We continue our examination of the position of the teachers' pay framework relative to economy-wide earnings. Figure 27 adds the Leadership Group pay range to the Main and Upper Pay Ranges and shows that, since 2010/11:

⁴³ Figures 25 and 26 are based on OME analysis of Department for Education Teacher Supply Model estimates. Available here: <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2019-to-2020>.

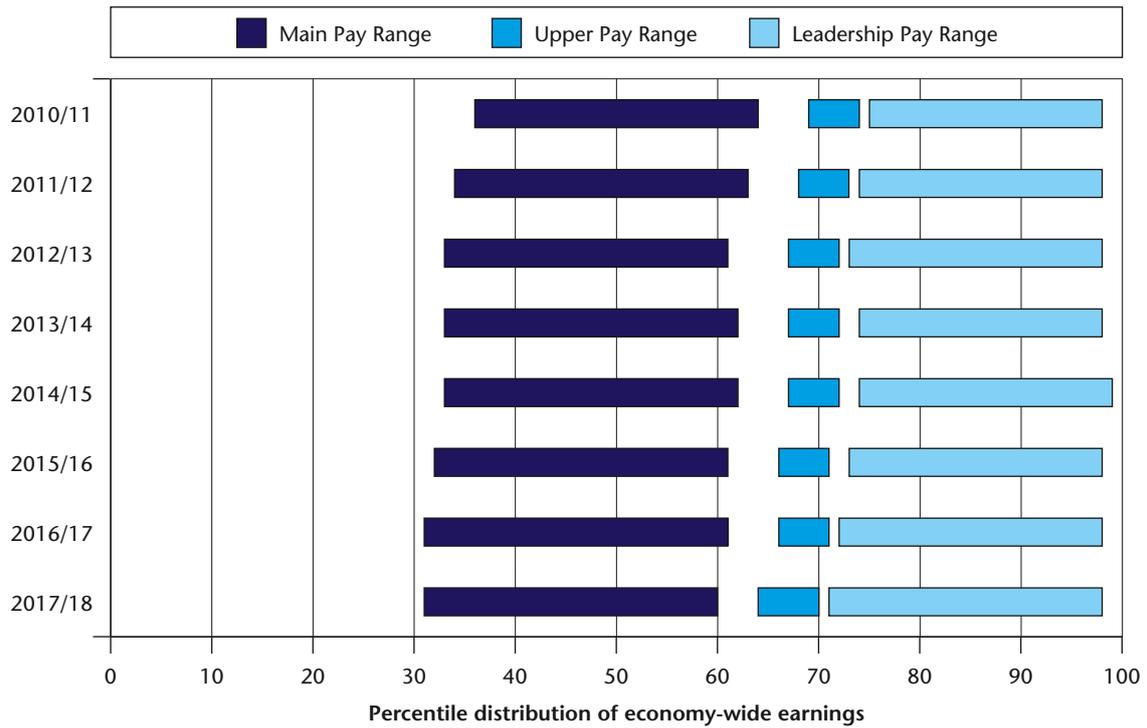
- Restricting the comparator to the earnings of those in *professional occupations*, we find that the maximum of the Leadership Group pay range has retained its relative position while the minimum has fallen from the 55th to the 52nd percentile.
- In the context of earnings across all occupations, the maximum of the Leadership Group pay range has retained its relative position while the minimum has fallen from the 75th to the 71st percentile.

Figure 27a: Position of the Main, Upper and Leadership Group Pay Ranges in the percentile distribution of wider economy earnings (*professional occupations only*), England, 2010/11 to 2017/18⁴⁴



⁴⁴ Figures 27a and 27b are based on OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) annual earnings data for full-time employees.

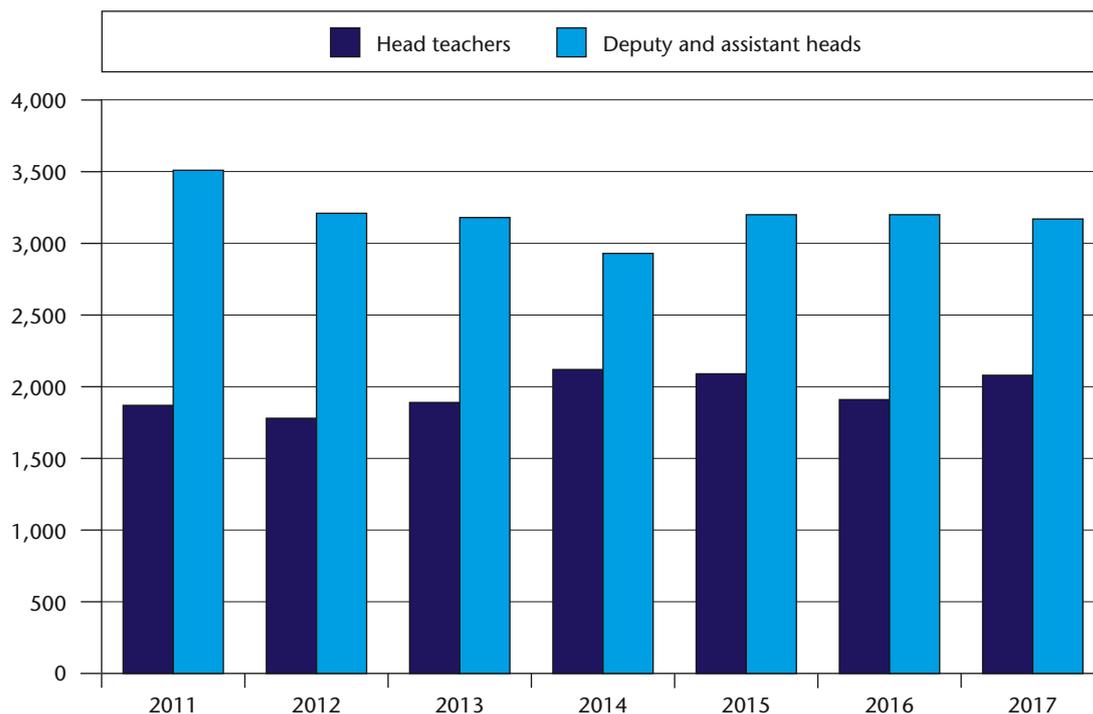
Figure 27b: Position of the Main, Upper and Leadership Group Pay Ranges in the percentile distribution of wider economy earnings, England, 2010/11 to 2017/18



Leavers

3.60 We have examined the number of school leaders leaving the state-funded school sector. Figure 28 shows the numbers of heads and deputy/assistant heads leaving in recent years. It shows that in the region of 2,000 head teachers and 3,000 deputy/assistant heads have left since 2011. Our examination of the underlying data highlighted that the proportion of head teacher leavers that are classified as resignations (rather than retirements) has increased from below 18 per cent in 2011 to 47 per cent in 2017.

Figure 28: Full-time equivalent number of heads and deputy/assistant heads leaving state-funded schools, England, 2011 to 2017⁴⁵



Retention by years in 'grade'

3.61 We have examined the leaving rates of school leaders following a given numbers of years in the 'grade'. This analysis is restricted to only those aged under 50 to minimise the influence of retirement on the figures presented. Leaving is defined as the proportion of teachers who were no longer employed in the state-funded sector in subsequent years in a role of the same or higher level.

3.62 Figures 29 and 30 show the leaving rates of newly appointed headteachers in primary and secondary schools. They show:

- In primary schools, 14 per cent of those new to post in 2011 had left after 3 years; the equivalent figure for those new to post in 2013 was 18 per cent.
- In secondary schools, 22 per cent of those new to post in 2011 had left after 3 years; the equivalent figure for those new to post in 2013 was 27 per cent.

⁴⁵ OME analysis of Department for Education School Workforce Statistics. Available here: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2017>.

Figure 29: Leaving rates of new primary head teachers aged under 50 after a given number of years' service, England⁴⁶

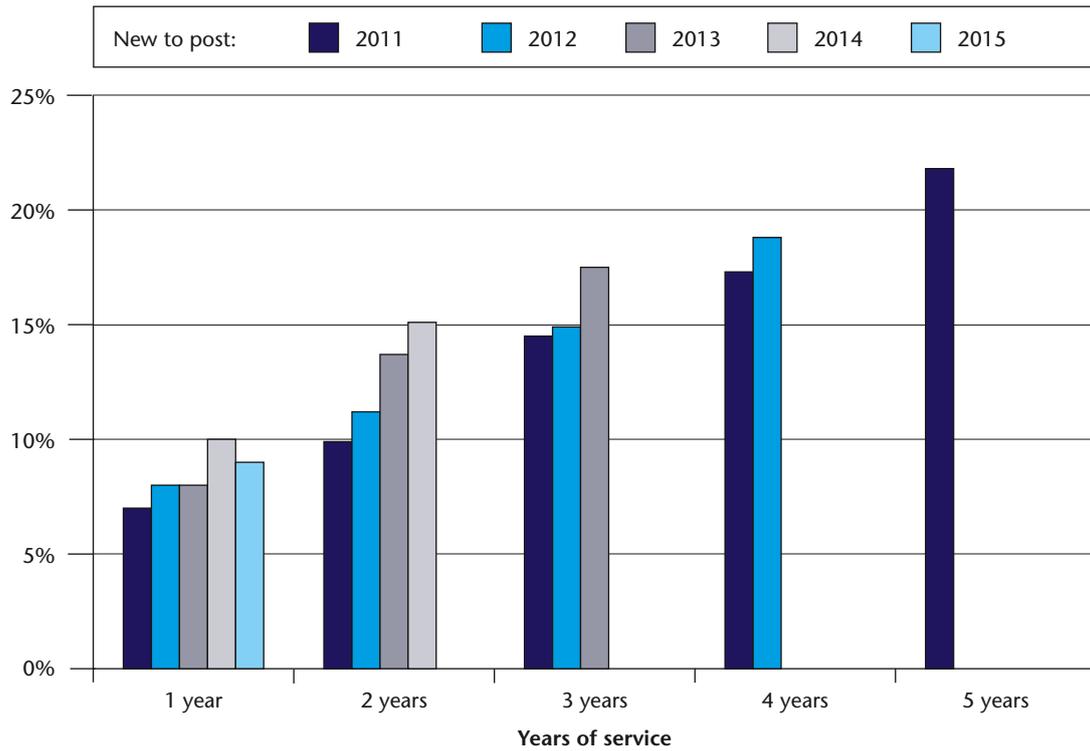
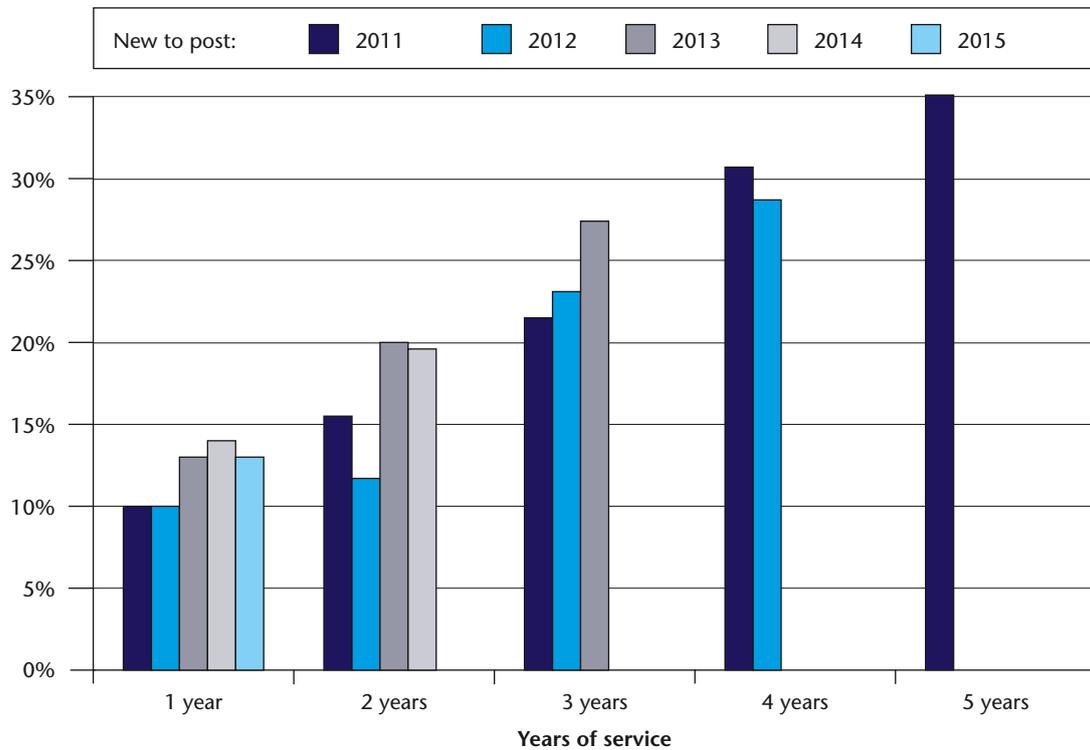


Figure 30: Leaving rates of new secondary head teachers aged under 50 after given number of years' service, England



⁴⁶ Figures 29 and 30 are based on OME analysis of Department for Education School Workforce Statistics. Available here: <https://www.gov.uk/government/publications/school-leadership-2010-to-2016-characteristics-and-trends>.

- 3.63 Corresponding figures show that the leaving rate of deputy head teachers in primary schools was marginally lower (20 per cent of the cohort new to post in 2011 had left after 3 years) than in secondary schools (22 per cent had left) and that this remained broadly stable in subsequent years.
- 3.64 Assistant head teachers displayed similar leaving rates to deputy head teachers, again with rates in primary schools marginally lower (19 per cent of the cohort new to post in 2011 were retained after 3 years) than in secondary schools (24 per cent were retained). There was little variation in leaving rates over time in primary schools; however, there was an increase in secondary schools (where 29 per cent of the cohort new to post in 2013 had left after 3 years).

Teacher labour market summary

- 3.65 Our analysis has covered a range of data relating to the earnings, recruitment and retention of the teacher workforce. The data have highlighted the many ongoing challenges for the teacher labour market, and particularly for the secondary sector. We set out below our main findings:

Overall trends

- Pupil numbers are forecast to increase, and substantially so in the secondary sector.
- Pupil-teacher ratios in primary and secondary schools are increasing.
- Vacancy numbers increased overall in 2017 (secondary vacancies increased although primary vacancies slightly decreased).
- The number of resignations from the profession (those leaving for reasons other than retirement) continues to increase.
- Virtually all secondary subjects have seen more leavers than joiners over last three years.

Early career teachers

- There is a continued gap between teacher and wider graduate starting pay although there is evidence of some narrowing.
- The earnings of classroom teachers in their twenties trail those of equivalent aged workers in other *professional occupations*, and outside London the gap has widened in recent years.
- The relative position of the Main Pay Range has deteriorated in comparison to the distribution of earnings both for *professional occupations* and across the whole economy.
- The ITT recruitment target for primary teachers has been met for the last two years; the overall secondary target was missed for the sixth consecutive year in 2018/19. Most secondary subjects did not meet their targets in 2018/19.
- There has been a fall in the number of Qualified Teacher Status (QTS) awards to qualified teachers from EEA/non-EEA countries.
- Retention of early career teachers is deteriorating with increasing numbers of young (under 35) leavers.

More experienced teachers

- The earnings of classroom teachers in their thirties, forties and fifties trail those of equivalent aged workers in other *professional occupations* and the gap has generally widened in recent years. The widest gaps are in London.

- The relative position of the Upper Pay Range has deteriorated in comparison to the distribution of earnings both for *professional occupations* and across the whole economy.
- Leaving rates across the age-bands from 30-34 to 45-49 increased modestly over the four years to 2016/17. However, there was a much more marked increase in the leaving rates of teachers in their fifties – in both primary and secondary schools.

School leaders

- The relative position of the Leadership Group Pay Range minimum has deteriorated in comparison to the distribution of earnings both for *professional occupations* and across the whole economy.
- There has been an increase in the leaving rate of head teachers after 1/2/3/4 years in post.
- Some 2,000 head teachers leave each year from a population of some 22,000.

School funding and finances

National funding context

- 3.66 The current overall funding allocation for schools was initially set at the 2015 Spending Review. In July 2017, the Government announced an additional £1.3 billion for schools across the next two years, over and above the budget set at the Spending Review. It said that this further funding would support the introduction of the National Funding Formula (NFF) in 2018-19 and 2019-20. The Government stated that, as a result of this investment, core funding for schools and high needs had risen from almost £41.0 billion in 2017-18 to £42.4 billion in 2018-19 and would increase to £43.5 billion in 2019-20. Taking account of projected pupil numbers, the Government calculated that this will mean, at the national level, total core schools and high needs funding across the 2018-19 and 2019-20 financial years will increase by 3.6 per cent on a per-pupil basis⁴⁷.
- 3.67 The Government said that spending plans beyond 2019-20 would be set out in a future Spending Review. In his spring statement in March 2019, the Chancellor confirmed that this Spending Review will conclude alongside the autumn 2019 Budget conditional on an EU exit deal being agreed.
- 3.68 The Government announced in July 2018, alongside its response to our 28th report, that it would provide a Teachers' Pay Grant to support schools to implement the 2018 pay award. This provided further funding to schools of £187 million in 2018-19 and £321 million in 2019-20 from the existing Department for Education budget⁴⁸. The Department assumed that schools would have budgeted 1 per cent for pay awards in 2018, in line with the Government's previous pay policy, and the grant therefore aimed to support schools with the cost of implementing this award beyond the initial 1 per cent. This funding was distributed to schools based on their number of pupils, with different rates for primary, secondary and special schools, and an area cost adjustment to take account of higher teacher wages in London. The Education Policy Institute (EPI) analysed the impact of this methodology and concluded that there were some 'winners' and 'losers' from this approach⁴⁹. It calculated that 33 per cent of schools would receive

⁴⁷ Department for Education (2019) *Schools' costs: 2018-19 to 2019-20* – https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774325/Schools_costs_technical_note_Jan_2019.pdf

⁴⁸ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-07-24/HCWS912/>

⁴⁹ Education Policy Institute (2018) *Winners and losers from the Teachers' Pay Grant* – <https://epi.org.uk/publications-and-research/teacher-pay-grant-allocations/>

between 5 and 25 per cent less in grant funding than the actual cost of the salary increase, while 29 per cent of schools would receive between 5 and 25 per cent more than the cost of the salary increase.

- 3.69 Two other changes to school funding levels occurred as a result of announcements made in the 2018 Budget. In the Budget, the Chancellor announced £400 million of extra capital funding for schools in England in 2018-19. Additionally, as a result of a reduction to the superannuation contributions adjusted for past experience (SCAPE) discount rate confirmed in the 2018 Budget, the employer contribution rate for the Teachers' Pension Scheme (TPS) is due to increase from September 2019. The Government agreed to provide additional funding to cover the costs during the financial year 2019-20. The funding for 2020-21 and beyond would be determined in the 2019 Spending Review⁵⁰.
- 3.70 The Department provides separate funding for pupils aged 16 to 19. Substantial reforms have been made to the 16-19 education funding system since 2010, including the introduction of a new funding formula from 2013-14. Total expenditure on 16-19 education fell from £6.39 billion in 2010-11 to £5.68 billion in 2017-18, a reduction of 11.1 per cent in cash terms and 20.6 per cent in real terms. The expenditure on school sixth forms (both maintained schools and academies) fell by 13.0 per cent in cash terms over the period, or 22.3 per cent in real terms⁵¹.

Long-term trends in per-pupil funding levels

- 3.71 Analysis from the Institute for Fiscal Studies (IFS)⁵² considered education spending levels in the context of longer-term trends. The IFS stated that average level of spending per pupil in real terms by primary and secondary schools rose by around 5 per cent per year during the 2000s, increasing by more than 50 per cent between 2000-01 and 2010-11, and was then largely protected under the Coalition Government from 2010. Spending per pupil in primary and secondary schools then fell 4 per cent in real terms between 2015-16 and 2017-18. These cuts were due to continue at a similar pace until 2019-20, but the subsequent announcements of additional funding in both July 2017 and July 2018, including extra core funding and the Teachers' Pay Grant, will mean that per-pupil funding levels will remain constant in real terms up to 2019-20. The IFS contended that the most comprehensive measure of public spending on schools over time should include local authority service spending and school sixth-form spending per student. It stated that there was a 55 per cent real-terms cut in local authority service spending and a real-terms cut of more than 20 per cent to school sixth-form spending per student between 2009-10 and 2017-18. Taking these into account, it calculated that total school spending per pupil fell by 8 per cent in real terms between 2009-10 and 2017-18.

System-wide affordability

- 3.72 As we recorded in Chapter 2, the Department provided calculations in its written submissions to the STRB of the level of increase in per teacher pay that, nationally and overall, could be afforded by schools from September 2019. Through considering the funding that goes into schools and the additional costs that schools are expected to face over 2018-20, the Department calculated a "theoretical absolute upper bound" above which increases in the teachers' pay bill would lead to real-terms cost pressures for schools⁵³. The Department's assessment was that this was equivalent to a 2.0 per cent per

⁵⁰ Department for Education (2019) *Funding increases to teachers' pensions employer contributions: consultation response* – <https://www.gov.uk/government/consultations/funding-increases-to-teachers-pensions-employer-contributions>

⁵¹ House of Commons Library (2019) *Briefing paper 7019: 16-19 education funding in England since 2010* – <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07019#fullreport>

⁵² Institute for Fiscal Studies (2018) *2018 annual report on education spending in England* – <https://www.ifs.org.uk/publications/13306>

⁵³ Department for Education (2019) *Schools' costs: 2018-19 to 2019-20*

teacher increase in the teachers' pay bill from September 2019. However, it noted that there were a wide range of activities and priorities other than teachers' pay that schools could choose to spend money on. The Department stated that a 2.0 per cent increase in teachers' pay amounted to £280m, spread over the 7 months of the 2019-20 financial year affected by the 2019 teachers' pay award⁵⁴. Its analysis did not address school funding and costs in 2020-21, given that funding for this would be determined by the 2019 Spending Review. But it noted in its submission to the STRB that a 2.0 per cent rise in per teacher pay would equate to an increase in the teachers' pay bill of £480m over the full 12 month period of the academic year 2019/20⁵⁵.

School-level finances

National Funding Formula

3.73 The introduction of the National Funding Formula (NFF) from 2018-19, albeit in a manner which allows local authorities to choose whether to apply the formula to schools, has begun to have some impact on the funding received by individual schools. The Department stated that this formula provides for a minimum cash increase in funding for all schools of 1 per cent per pupil by 2019-20 compared to their baselines. The formula includes a minimum per-pupil funding level, in 2019-20, of £4,800 for every secondary school and £3,500 per pupil for every primary school⁵⁶. While not yet mandatory, the Education and Skills Funding Agency (ESFA) reported in 2018 that a substantial proportion of local authorities had chosen to implement funding formulae close to or identical to the NFF from April 2018. A report from the ESFA in July 2018⁵⁷ found that 73 out of 152 local authorities had chosen to bring every one of their funding formula factors close to the NFF levels, with 41 mirroring the formula exactly. In response to this, the Government concluded that significant progress had been made and decided to delay the full implementation of the NFF in a manner which would remove local authority discretion from 2020-21 until at least 2021-22.

In-year finances

3.74 Analysis by the EPI⁵⁸ of schools' in-year finances indicated that 48 per cent of maintained primary schools and 60 per cent of maintained secondary schools spent more than their income in 2017-18. The proportion of schools spending more than their income had reduced from 2016-17, when 61 per cent of maintained primary schools and 68 per cent of maintained secondary schools had greater in-year expenditure than income, but remained higher than in 2015-16, when 41 per cent of primary schools and 56 per cent of secondary schools were in this position.

⁵⁴ Department for Education (2019) *Schools' costs: 2018-19 to 2019-20*

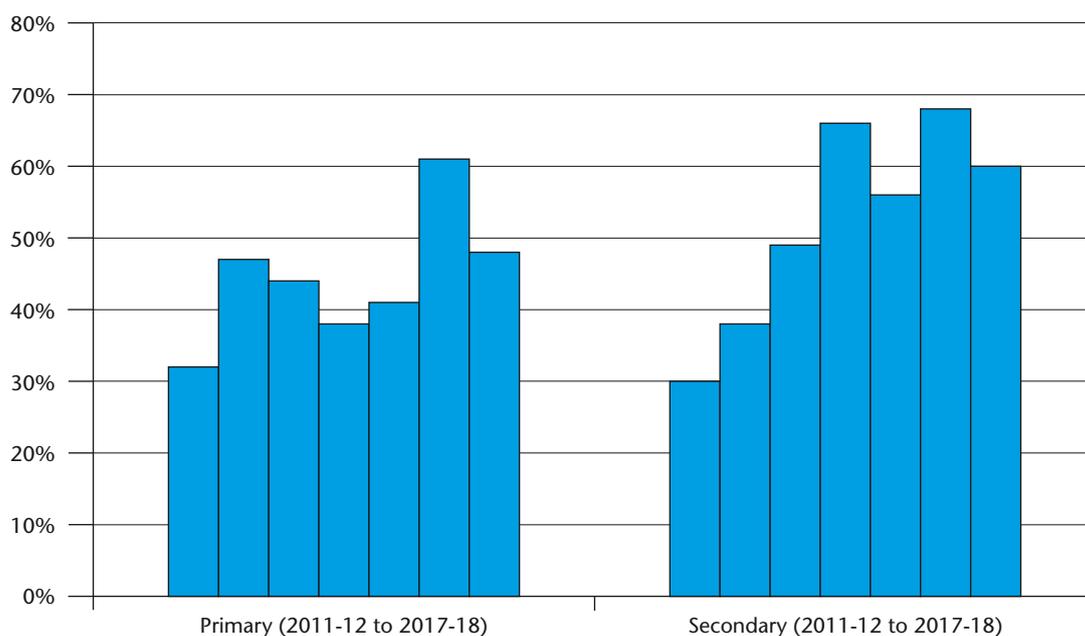
⁵⁵ Department for Education (2019) *Government evidence to the STRB: The 2019 pay award* – <https://www.gov.uk/government/publications/evidence-to-the-strb-2019-pay-award-for-school-staff>

⁵⁶ Department for Education (2017) *The national funding formula for schools and high needs: Executive summary* – https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/648533/national_funding_formula_for_schools_and_high_needs-Exec_summary.pdf

⁵⁷ Education and Skills Funding Agency (2019) *Schools block funding formulae 2018-19: Analysis of local authorities' schools block funding formulae* – <https://www.gov.uk/government/publications/schools-block-funding-formulae-2018-to-2019>

⁵⁸ Education Policy Institute (2019) *School revenue balances in England* – <https://epi.org.uk/publications-and-research/school-revenue-balances/>

Figure 31: Percentage of Local Authority maintained schools with in-year expenditure exceeding income, England, 2011-12 to 2017-18

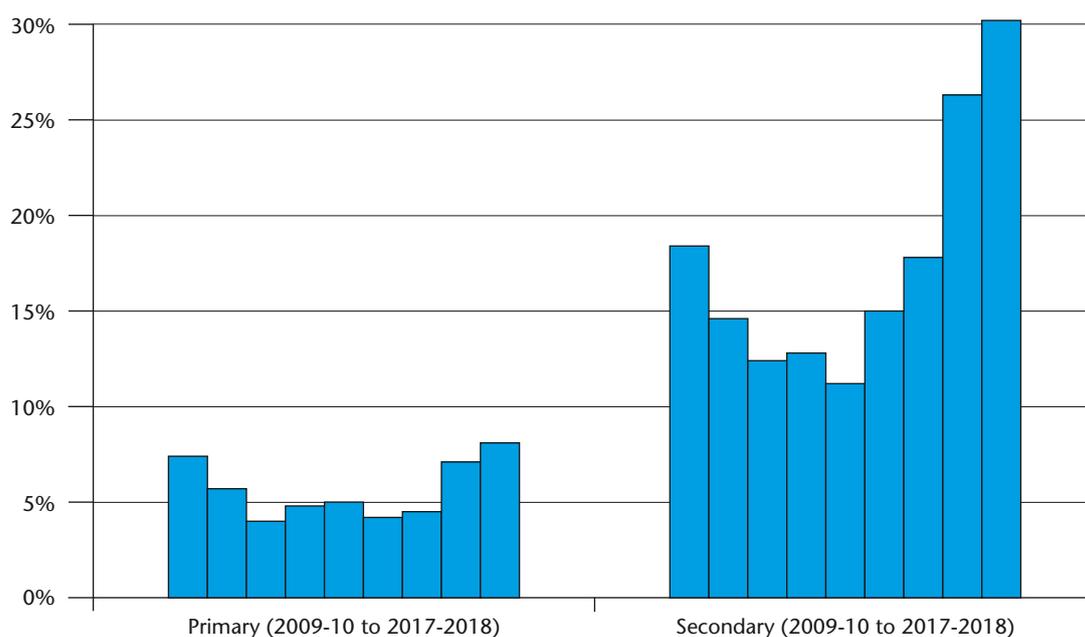


School revenue balances

3.75 Overall, a majority of local authority maintained schools have financial reserves. The latest data, relating to 2017-18, indicated that 88.6 per cent of the 13,336 local authority maintained schools had accumulated surpluses, while 10.2 per cent had accumulated deficits and 1.2 per cent had a zero balance⁵⁹. However, there are clear differences between primary and secondary sectors and there has been a trend of an increasing number of schools moving into deficit over the last few years. The proportion of maintained primary schools in deficit increased from 4.5 per cent in 2015-16 to 8.1 per cent in 2017-18. For maintained secondary schools, the proportion with deficits increased from 17.8 per cent in 2015-16 to 30.2 per cent in 2017-18.

⁵⁹ Department for Education (2018) *LA and school expenditure: 2017 to 2018 financial year* – <https://www.gov.uk/government/statistics/la-and-school-expenditure-2017-to-2018-financial-year>

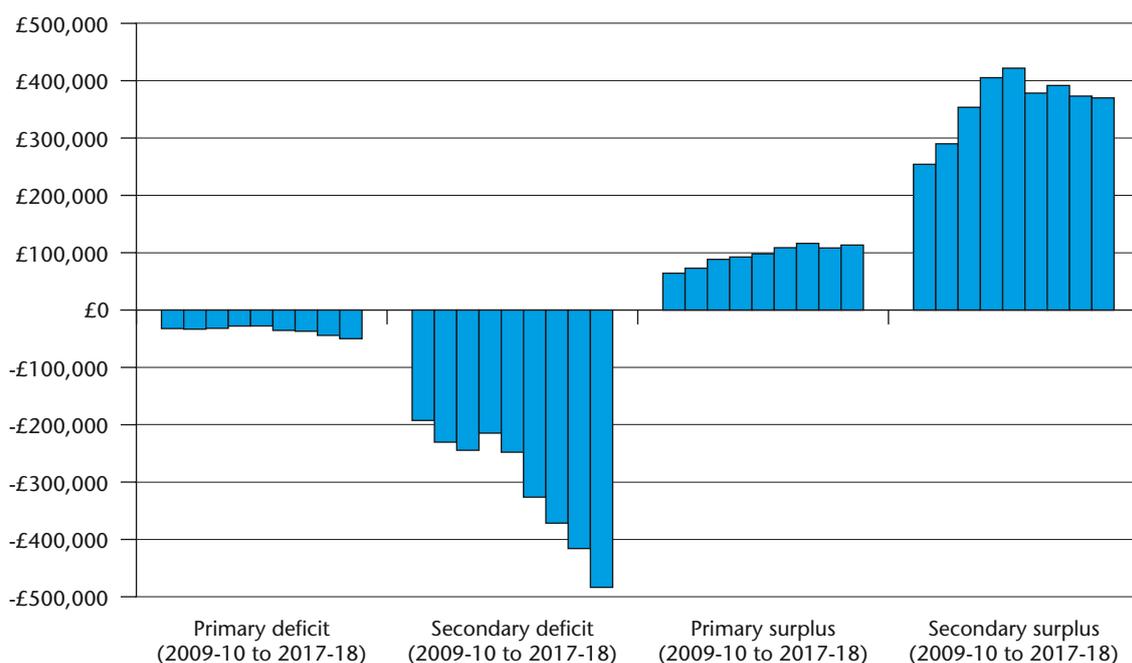
Figure 32: Percentage of Local Authority maintained schools in deficit, England, 2009-10 to 2017-18



3.76 For schools with accumulated deficits, the overall average of level deficit in 2017-18 was £152,000 and this had increased from £120,000 in 2015-16. Again, there were differences between primary and secondary phases. The average deficit for primary schools in deficit in 2017-18 was £50,000, while the equivalent figure for secondary schools was £484,000. While the average level of deficit has increased, the level of financial reserves held by schools with accumulated surpluses has fluctuated in recent years. The average for all maintained schools fell from £141,000 in 2015-16 to £131,000 in 2016-17, but then increased to £135,000 in 2017-18. Primary school average surpluses also fluctuated over this period, falling from £116,000 in 2015-16 to £108,000 in 2016-17, then increasing to £113,000 in 2017-18. However, secondary school average surpluses consistently decreased, falling from £392,000 in 2015-16 to £370,000 in 2017-18. The total revenue balance across all local authority maintained schools in 2017-18 was £1.6 billion⁶⁰.

⁶⁰ Department for Education (2018) *LA and school expenditure: 2017 to 2018 financial year* and Department for Education (2017) *LA and school expenditure: 2016 to 2017 financial year* – <https://www.gov.uk/government/statistics/la-and-school-expenditure-2016-to-2017-financial-year>

Figure 33: Average deficit/surplus for Local Authority maintained schools, England, 2009-10 to 2017-18



3.77 Research by the EPI⁶¹ noted that, within these overall averages, a substantial proportion of schools had significant financial reserves, while some had large deficits. The Department defines an excessive balance as one which is above 5 per cent of income in secondary schools, or above 8 per cent of income in primary schools, special schools or pupil referral units. The EPI noted that 40.7 per cent of primary schools, 46.4 per cent of special schools and 34.1 per cent of secondary schools had balances that were classed as excessive under the Department’s definition. In regard to large deficits, 1 per cent of primary, 11 per cent of secondary, and 3 per cent of special schools had accumulated deficits of over 10 per cent of the schools’ income. The EPI also considered schools at the extremes of the distribution of financial balances, stating that 4 per cent of maintained schools had financial reserves equivalent to at least 20 per cent of income, while 1 per cent of maintained schools had deficits equivalent to at least 20 per cent of income.

3.78 Evidence is also available on the financial reserves held by academy trusts. However, academies report on their finances on an academic year basis, rather than a financial year basis. The latest data available is from the academic year 2016/17. Additionally, data on revenue balances is reported in relation to academy trusts, rather than individual academies. For these reasons, direct comparisons cannot be drawn between the data available on maintained schools’ and academies’ financial reserves. The data on academy trust financial reserves for 2016/17 showed that 91.6 per cent of trusts had accumulated surpluses, 6.1 per cent of trusts had accumulated deficits and 2.3 per cent had a zero balance. The total net financial position of all academy trusts was a surplus of £2.4 billion, and the average surplus was £791,000⁶².

⁶¹ Education Policy Institute (2019) *School revenue balances in England*

⁶² Education Policy Institute (2019) *School revenue balances in England*

School funding and finances summary

3.79 We have set out above a range of data relating to school funding and finances. Our main findings are:

- For pupils aged 5 to 16, per-pupil funding levels have remained at the same level in real terms between 2017-18 and 2019-20. Funding from 2020-21 onwards will be determined in a future Spending Review.
- While the National Funding Formula (NFF) has not yet been implemented in full, it has started to have some impact on the way that local authorities distribute funding to schools.
- A majority of local authority maintained schools have financial reserves. However, there are differences between primary and secondary sectors, with a substantially higher proportion of secondary schools in deficit, and there has been a trend of an increasing number of schools moving into deficit over the last few years.
- There have also been different trends in relation to the levels of financial reserves for primary and secondary. The average levels of deficits/surpluses held by maintained primary schools have remained relatively consistent in recent years. For maintained secondary schools in deficit, the average level of deficit has consistently increased since 2012-13. For secondary schools with financial reserves, the average level of surplus has fallen since 2015-16.

CHAPTER 4

Our conclusions and recommendations

4.1 This chapter sets out the conclusions and recommendations of the School Teachers' Review Body (STRB) in relation to its current remit. It first provides our views on the state of the teacher labour market and our consideration of affordability and targeting. It then sets out our conclusions and recommendations to the Prime Minister and Secretary of State.

Pay review for 2019

4.2 In November 2018, the Secretary of State wrote to ask us to make recommendations on *"An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole."* When determining our recommendations, we have taken account of the specific considerations raised in the remit letter (at Appendix A):

- The need to ensure that any proposals are affordable across the school system as a whole;
- Evidence of the national state of teacher and school leader supply, including rates of recruitment and retention, vacancy rates and the quality of candidates entering the profession;
- Evidence of the wider state of the labour market in England;
- Forecast changes in the pupil population and consequent changes in the level of demand for teachers; and,
- The Government's commitment to increasing autonomy for all head teachers and governing bodies to develop pay arrangements that are suited to the individual circumstances of their schools and to determine teachers' pay within the statutory minima and maxima.

4.3 The remit letter stated that, in its report, the STRB should outline what consideration it had given to targeting. It also asked the Review Body to describe in its report what steps it had taken to ensure affordability has been given due consideration.

4.4 Chapter 1 of this report set out the background and context to this remit. We described the current system for teachers' pay and conditions, noting that the role of the STRB in its recent remits has been to make recommendations for changes to the national framework of pay and allowances. Within this framework, school leaders and governing bodies set their schools' pay policies. In reaching our conclusions, we have carefully considered the written and oral representations made by our consultees (set out in Chapter 2) and the relevant data on the teacher labour market, the wider economy, and school funding and finances (Chapter 3). We also considered a number of reports presenting research findings and analyses relevant to our remit, which are cited throughout this report.

The teacher labour market

4.5 Given the emphasis placed on the consideration of targeting pay awards in the remit letter, we have organised our presentation of the evidence around the three main career stages for teachers. This allows us to consider the evidence about each of these groups of teachers to assess whether any element of the national pay and allowance framework should be targeted. The three career stages we have considered are:

- **Early career teachers:** those undertaking Initial Teacher Training (ITT), Newly Qualified Teachers (NQTs), and teachers in their first five years in the profession, who would typically be on the Main Pay Range (MPR).
- **Experienced teachers and middle leaders:** classroom teachers who have been in the profession for more than five years, many of whom are on the Upper Pay Range (UPR). This also includes those who have taken on additional responsibilities that are rewarded through Teaching and Learning Responsibility (TLR) allowances.
- **School leaders:** teachers in senior leadership roles, such as deputy and assistant heads, and head teachers. These teachers are on the Leadership Group pay range.

4.6 We summarise below the main points of evidence in relation to the earnings, recruitment and retention of teachers at each of these stages in their careers. We then present our conclusions on the teacher labour market. We note that there is more extensive and robust evidence available about some career stages than others. The STRB's observations on this are set out in Chapter 5 of this report.

Early career teachers

4.7 In Chapter 3, we considered this year's evidence on the earnings of early career teachers in comparison to other graduate professions and the wider economy. In particular, we observed that:

- Starting pay for teachers remains lower than that available in other graduate professions. The median graduate starting salaries for 2018 reported by High Fliers and the Institute for Student Employers (ISE), which focus on major graduate recruiters, were higher than those that could be expected by most new teachers in England. (Chapter 3 – Paragraph 3.28 and Figure 10)
- High Fliers reported that the median graduate starting salary had remained at the same level (£30,000) between 2016 and 2018. The ISE suggests that starting salaries for graduates increased by 1.8 per cent between 2016 and 2017 and by 0.9 per cent between 2017 and 2018. Our analysis of data from the Higher Education Statistics Agency (HESA) suggests the median starting pay of those entering other *professional occupations* increased by 2 per cent between 2016 and 2017. The minimum of the MPR rose more substantially over this time period, increasing by 2 per cent in September 2017 and by 3.5 per cent in September 2018. This indicates that there has been some narrowing of the gap between the level of starting pay for teachers and that of other graduate professions. (Chapter 3 – Paragraph 3.28 and Figure 10)
- Our analysis of HESA data indicates that median starting salaries for graduates with first or higher degrees entering *professional occupations*¹ other than teaching were higher than starting pay for teachers in most regions of England. Starting pay for teachers has remained lower than for graduates entering other *professional occupations* for several years. (Chapter 3 – Paragraphs 3.30 to 3.33 and Figures 11 and 12)

¹ As described by the Standard Occupational Classification (SOC). The SOC 2010 states that most occupations in this major group will require a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training. The 'other *professional occupations*' used in this analysis comparator group excludes teachers.

- The relative positions of the minimum and maximum of the MPR, which typically cover teachers in their first five years in the profession, have deteriorated in comparison to the distribution of earnings both for *professional occupations* and across the whole economy between 2010/11² and 2017/18. (Chapter 3 – Paragraph 3.35 and Figures 13a and 13b)
- The median earnings of teachers aged 21 to 30 were lower than those of people in this age group working in other *professional occupations* across England. Outside London, there was a general pattern of these gaps increasing in recent years (Chapter 3 – Paragraph 3.36 and 3.37 and Figures 14a and 14b).

4.8 In Chapter 3 we considered the evidence about recruitment and the retention of early career teachers. We observed that:

- The overall target for postgraduate ITT recruitment³ was missed for the seventh successive year in 2018/19. (Chapter 3 – Paragraph 3.37 and Figure 16)
- The target for secondary ITT recruitment has not been met since 2012/13, with the most significant shortfalls in the last four years. In contrast, the target for primary ITT recruitment has been exceeded in three of the last four years. (Chapter 3 – Paragraph 3.41 and Figure 16)
- The number of overseas teachers awarded Qualified Teacher Status (QTS) fell between 2016-17 and 2017-18. (Chapter 3 – Paragraphs 3.45 to 3.47)
- The typical graduate-age population is forecast to shrink over coming years, with a projected decrease of 8 per cent in the number of 21-year olds between 2019 and 2023. This is likely to reduce the pool of potential recruits to ITT. (Chapter 3 – Paragraph 3.15)
- The data on teacher retention show that, in the last three years, there has been a continuous increase in the cumulative rate of teachers leaving in the early years of their careers. The percentage of teachers leaving after one year's service has risen to 15 per cent for NQTs joining in 2016, having previously been stable at 12 or 13 per cent since 2007. The percentage of those leaving during their second year of service has risen steadily from 5 per cent for NQTs joining in 2010 and 2011 to 9 per cent for 2015 NQTs. (Chapter 3 – Paragraphs 3.48 and 3.49 and Figure 19)
- The leaving rates for teachers aged between 20 and 34 were higher for secondary teachers than primary teachers and, for both phases, had increased over the four years to 2016/17. (Chapter 3 – Paragraphs 3.52 and Figures 20 and 21)

4.9 The Department told us that recruitment had been a challenge, particularly in some subjects and for some schools. Other consultees raised stronger concerns about the state of teacher recruitment, with several describing it as being in crisis. The unions representing teachers and school leaders also noted the deterioration of retention rates for early career teachers.

4.10 On our school visits in 2018, school leaders and those involved in delivering ITT in all the areas we visited told us that they faced major problems in teacher recruitment, with particular difficulties for certain secondary subjects. Pay was often not the main factor in early career teachers' decisions to join the profession but appeared to be a more important consideration for career changers than recent graduates. We heard from all early career teachers that they thought it important that they were fairly rewarded for their work. Many told us that they were dissatisfied with their net earnings after pension

² Throughout this report, dates in the format '2019/20' refer to the academic year (September to August). Dates in the format '2019-20' refer to the financial year (April to March).

³ Including university-led (PGCE) and school-led (School Centred ITT, Teach First and School Direct) postgraduate ITT routes. Undergraduate university-led ITT routes are excluded from formal ITT targets as these operate on a longer cycle and are more difficult to model.

contributions and student loan repayments were deducted. We also spoke to some early career teachers who had decided to leave the profession or to work as teachers abroad. In these cases, the level of pay was central to their decisions.

Experienced teachers and middle leaders

4.11 In Chapter 3, we compared the earnings for more experienced teachers with those available in other graduate careers and across the wider economy. We observed that:

- The median earnings of teachers aged 31 to 40, 41 to 50, and 51 to 60 were lower than those of people in the same age ranges working in other *professional occupations* across England. There was also a general pattern of these gaps increasing in recent years (Chapter 3 – Paragraph 3.54 and Figure 23).
- The relative positions of the minimum and maximum of the Upper Pay Range (UPR) have deteriorated in comparison to the distribution of earnings both for *professional occupations* and across the whole economy between 2010/11 and 2017/18. (Chapter 3 – Paragraph 3.53 and Figures 22a and 22b)

4.12 We also considered in Chapter 3 the trends in relation to the retention of experienced teachers. We observed that:

- Leaving rates for teachers with between six and ten years' service were lower than for early career teachers and have generally remained between 1 and 3 per cent for teachers joining the profession between 1996 and 2011. However, rates have tended to be at the higher end of this range in recent years. (Chapter 3 – Paragraph 3.55 and Figure 24)
- The leaving rates for teachers in age bands 30 to 34 and 45 to 49 increased modestly in the four years to 2016/17, while there has been a marked increase in the leaving rate for teachers aged over 50 during the same period. (Chapter 3 – Paragraph 3.56 and Figures 25 and 26)
- The leaving rates for teachers aged between 30 and 59 were higher for secondary teachers than primary teachers, and in the secondary phase these rates have also increased more sharply over the last four years. (Chapter 3 – Paragraphs 3.56 to 3.57)

4.13 The Department told us that retention rates across the profession had remained relatively stable in recent years and that teacher vacancy rates had remained low. Other consultees contended that it was increasingly difficult to retain and motivate experienced teachers, citing as evidence the changing demographics of the teacher workforce which had resulted in an increasing proportion of younger teachers in the profession across England. They noted the vital role that experienced teachers have in the education system, including the mentoring of early career teachers, and the importance of maintaining a balance between newer and more experienced teachers in schools.

4.14 A number of school leaders we spoke to on school visits in 2018 told us that teacher retention was a significant problem. Alongside workload, pay was identified as a major cause of teacher wastage. Experienced teachers had mixed views about the level of pay they received. Some told us that they received a reasonable salary within their local labour market, while others stated that they saw opportunities to earn significantly more in other graduate professions. However, when taking account of the hours they were required to work, most felt that their earnings did not fairly reward them for their efforts.

School leaders

- 4.15 In Chapter 3, we examined the evidence about pay for school leaders. We observed that the relative position of the minimum of the Leadership Group pay range had deteriorated in comparison to the distribution of earnings both across the whole economy and for *professional occupations* between 2010/11 and 2017/18. (Chapter 3 – Paragraph 3.59 and Figures 27a and 27b)
- 4.16 In Chapter 3, we also examined the evidence on the recruitment and retention of school leaders. We observed that:
- While the reported numbers of leadership vacancies are small, there is considerable churn across the school system, with around 2,000 head teachers and 3,000 deputy or assistant heads leaving the service annually in recent years. As there are around 22,000 head teachers and 47,000 deputy and assistant heads in state funded schools in England, this suggests that the leaving rate for school leaders is in line with that for the profession as a whole. (Chapter 3 – Paragraph 3.60)
 - The retention rates for head teachers have deteriorated in recent years. For primary heads appointed in 2011, 86 per cent remained in school leadership posts after three years, while the equivalent figure for those appointed in 2013 was 82 per cent. For secondary heads, 78 per cent of those appointed in 2011 remained in school leadership posts after three years, while the equivalent figure for those appointed in 2013 was 73 per cent. (Chapter 3 – Paragraph 3.62 and Figures 29 and 30)
- 4.17 The Department’s submission noted that head teacher vacancy rates had remained low and relatively stable and that the proportion of schools reporting head teacher vacancies or temporarily filled posts had fallen between 2010 and 2017. In contrast, the consultees representing local authorities, school governors and school leaders stated that there were significant difficulties in recruiting head teachers and to other senior leadership posts. The “erosion” of pay levels for school leaders at a time when their roles were especially challenging was cited as one of the main factors causing these difficulties.
- 4.18 During our 2018 visits, many school leaders told us that they recognised that their earnings were high in comparison to their local labour market. However, several noted that they could earn more in senior roles in other professions while working considerably fewer hours. A number of assistant and deputy heads, particularly those in primary schools, told us that the differential between their pay and that of an experienced classroom teacher on the UPR was small. These leaders felt that they were not adequately rewarded for the additional responsibilities that they had taken on and that this reduced the incentive for others to progress into leadership roles. Many of the school leaders we spoke to expressed disappointment that the Government had decided to apply a smaller uplift to the Leadership Group pay range in 2018. They told us that this was unjust given the significant challenges they had to deal with in managing their schools. Most classroom teachers and middle leaders told us that they did not aspire to become head teachers. Alongside pay, accountability pressures and workload were identified as the main factors that put them off.

Conclusions on the teacher labour market

- 4.19 Our recent reports have highlighted our concerns about the weakening position of the national pay and allowance framework for teachers in the wider graduate labour market and deteriorating trends in teacher recruitment and retention. We noted the expected growth in demand for teachers in the coming years due to increasing pupil numbers. The current forecasts continue to indicate that there will be a need for more teachers, particularly in the secondary phase and for English Baccalaureate (EBacc) subjects. The

number of pupils in state-funded secondary schools increased by 1.9 per cent from 2017 to 2018. By 2024, the pupil population in secondary schools is expected to increase by a further 14.7 per cent and to remain at that level until 2027. In contrast, the number of pupils in primary schools is forecast to fall only slightly in the longer term, decreasing by 2.4 per cent between 2018 and 2027. In this context, it is essential that the national pay framework for teachers supports the recruitment and retention of good teachers, while providing incentives for career progression to ensure that there is strong leadership across the profession.

- 4.20 In relation to teacher supply, we find little evidence of any improvement since our last report, with further deterioration in some areas. In regard to recruitment, we have continued to see different trends in relation to the primary and secondary phases. In 2018/19, the targets for ITT recruitment were met for the primary sector but missed for the secondary phase for the sixth successive year. Targets were met for only four secondary subjects, while the performance against targets has continued to fall for many subjects. This includes some of the subjects for which there have been persistent difficulties in recruitment over a number of years, such as maths and physics. A significant proportion of those joining the teaching profession in England in recent years have been overseas teachers who are awarded QTS. It is therefore also concerning that there has been a substantial fall in the numbers of teachers being awarded QTS from both within the European Economic Area (EEA) and non-EEA countries.
- 4.21 The recent evidence on retention shows further deterioration across the sector. Retention rates among early career teachers continue to decline, and there are worrying signs of deteriorating retention among more experienced teachers, most noticeably for those aged over 50 years. These deteriorating trends in retention rates are observed for both primary and secondary teachers, but the rates are higher for the secondary sector. Among senior leaders, we find comparable wastage, with declining retention rates for head teachers. Survey evidence from our consultees also indicated that it was becoming more difficult for schools to fill leadership posts. Alongside this, a majority of the classroom teachers we spoke to on school visits told us that they did not wish to progress into leadership roles, while most assistant and deputy heads told us that they did not aspire to become head teachers.
- 4.22 The evidence relating to pay shows teachers at all career stages lagging behind other graduate professions. There are some indications that the 2 per cent uplift in 2017 and the 3.5 per cent uplift in 2018 to the MPR have begun to close the gap between teachers' starting pay and that available in other graduate careers, but at this time there is no clear evidence that this has had a positive impact on teacher recruitment or early career retention. Teachers' starting pay remains lower than median graduate starting salaries in most areas of the country.
- 4.23 It is more difficult to draw direct comparisons about the levels of pay for experienced teachers and school leaders. However, using age as a proxy for experience, our analyses show that pay for experienced teachers is lower than that available to those in other *professional occupations*. The position of most elements of the pay framework for experienced teachers and school leaders in the distribution of earnings for *professional occupations* and across the wider economy has also continued to deteriorate.
- 4.24 We heard evidence from consultees and during our school visits that indicated that teachers will look at the relative values of the different elements of the teachers' pay framework to inform decisions about their careers. The Government's decision to target increases at early career teachers in 2018, following on from the STRB's targeted recommendations in 2015 and 2017, has reduced the pay differentials between the MPR, the UPR and the Leadership Group pay range. We heard concerning reports that narrowing differentials have reduced the incentive for teachers to consider progression to leadership roles.

Consideration of affordability

- 4.25 As we have set out in Chapter 2, the Department emphasised that it was important that we considered system-wide affordability when determining our recommendations. Its own calculations indicated that there could be an increase in per teacher pay of 2 per cent, nationally and overall, before schools faced real-terms cost pressures. The Secretary of State told us that the additional funding provided in 2018 via the Teachers' Pay Grant was due to the unique circumstances of last year's pay award, and we should not assume that the Department would provide any additional funding this year. The written and oral representations received from ASCL, NAHT, NEOST, the NEU, NGA and Voice all contended that schools faced significant financial pressures and that the Department should "fully fund" any pay award for September 2019. In contrast, the NASUWT told us that there was sufficient funding in the system for schools to afford a substantially above inflation pay increase for 2019/20.
- 4.26 Our conclusion on school funding and finances is that the overall situation is largely unchanged from last year. The level of school funding has remained flat in real-terms and the data on in-year expenditure and financial reserves do not reveal any clear trends in relation to the system as a whole. However, there are some indications that the situation is becoming more challenging for secondary schools, with the proportion of local authority maintained schools with accumulated deficits continuing to increase and the average deficit for such schools increasing.
- 4.27 Within this overall position, there remains considerable variation in the state of schools' finances across the system. This is likely to mean that some schools in difficult financial circumstances will find it challenging to implement *any* uplift to pay and allowance ranges in September 2019. We also note that the picture of schools' in-year expenditure and financial reserves does not capture the difficult decisions that many school leaders and governing bodies will have made in order to ensure that their schools can operate effectively within their funding allocations.
- 4.28 Given the emphasis placed on affordability across the school system as a whole by the Secretary of State in his remit letter, it is helpful that the Department provided an assessment of what increases could be made to teachers' pay before an average school would face real-terms cost pressures. However, we have some reservations about using this calculation as a definitive measure of system-wide affordability:
- Due to the considerable variation we have observed in schools' finances, we think that there are limits to the weight that can be placed on national averages. Different schools are in very different financial situations across England.
 - We note that cost pressures are not necessarily synonymous with affordability. School leaders and governing bodies have autonomy over their budgets. Within these budgets, they set their priorities and allocate funds accordingly.
 - In addition, school leaders and governing bodies have autonomy with respect to the pay arrangements within their individual schools. We note that evidence from several consultees indicated that schools' confidence in using pay flexibilities was increasing and that there is greater variation in local pay practice across the system.
- 4.29 An effective education system that delivers excellent pupil outcomes depends on having high-quality teachers and school leaders. Any assessment of affordability needs to take into account the costs imposed on the system of not recruiting and retaining enough teachers. Failing to prioritise teacher supply through an investment in pay may lead to financial savings in the short term, but these are likely to be outweighed by additional costs and reduced productivity across the education system in the longer term.

Consideration of targeting

- 4.30 As requested in our remit letter, we have considered whether any element of the framework should be targeted for a higher level of uplift for September 2019. Taking account of the evidence on recruitment and retention issues at different career stages, we looked at the cases for targeting pay awards in pursuit of recruitment, retention or incentivising promotion and career progression.
- 4.31 The 2017 and 2018 pay uplifts targeted the MPR and these have contributed to some reduction in the gap between the level of starting pay of teachers and that available in other graduate professions. However, starting pay for teachers continues to lag and, with demand for teachers expected to grow, further improvements to the competitiveness of starting salaries will be needed to support recruitment.
- 4.32 That said, the level of starting pay is not the only element of the pay framework that is relevant to teacher recruitment. Those considering training to become teachers will also look at the potential earnings later in their career. This is likely to be particularly the case for career changers, who will be more familiar with the pay available in other occupations. As the Department notes in its *Teacher Recruitment and Retention Strategy*⁴, career changers already account for a substantial proportion of entrants to ITT. Demographic trends suggest that there is likely to be a smaller number of new graduates in the coming years, and so it will be increasingly necessary to attract more experienced people, such as career changers, into teaching in order to meet recruitment targets. The wider competitiveness of the pay framework is therefore likely to increase in importance.
- 4.33 We also have significant concerns about declining retention rates, not just in the early career stages, but also among those with more experience. This will impact on both the quality of teaching in the classroom and the potential supply of school leaders. Experienced teachers will play a vital role in managing the impact of rising pupil numbers in the coming years and maintaining good pupil outcomes. There is evidence to show that experienced teachers contribute to delivering better pupil outcomes⁵. These teachers also have an essential role in mentoring and supporting new recruits, as recognised in the Department's *Teacher Recruitment and Retention Strategy*⁶. Moreover, improving retention rates reduces the pressures on recruitment at a time when the potential supply of new recruits from within the UK and overseas is shrinking. The need to support retention of classroom teachers argues against further reducing pay differentials between starting pay and pay for more experienced teachers.
- 4.34 Finally, there is growing evidence of difficulties in recruiting and retaining good school leaders. Strong leadership is central to schools' ability to manage the challenges that they will face in the coming years. The education system needs effective leadership and the pay system must therefore support and incentivise career progression. Last year's targeted pay award reduced the differentials between the UPR and the Leadership Group pay range and consultees have told us of the negative impact that this has had on recruitment to assistant and deputy head roles. We were also struck how disaffected many school leaders felt in response to the Government's targeted pay award last year. If the most experienced teachers believe that they are being repeatedly disadvantaged in order to direct resources towards the newest recruits, this will not create a healthy environment for retention of teachers at any stage of their careers.

⁴ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

⁵ For example, Papay and Kraft (2014) *Productivity returns to experience in the teacher labor market: Methodological challenges and new evidence on long-term career improvement* – https://scholar.harvard.edu/files/mkraft/files/jpubec_-_returns_to_experience_manuscript_-_r2.pdf

⁶ Department for Education (2019) *Teacher Recruitment and Retention Strategy*

- 4.35 We conclude that there is a strong case for improving the competitiveness of *all* elements of the pay and allowance framework and that there should be a uniform uplift to pay and allowance ranges in September 2019. Further changes to pay differentials within the current framework risks discouraging retention and career progression of experienced teachers. In relation to the current pay round, the evidence shows that the potential benefits of targeting are outweighed by the likely negative impacts on the teaching profession as a whole.
- 4.36 This conclusion does not mean that we are convinced that the current pay structure is entirely fit for purpose. We raised concerns about this structure in a number of our recent reports. This year's evidence confirms that there are elements of the pay structure that need to be reviewed. However, we conclude that it will be best to consider these issues as part of a further remit to look at the pay structure for classroom teachers, as set out by the Secretary of State in his letter of November 2018.

Our conclusions and recommendations

- 4.37 For the education system in England to function effectively and deliver excellent pupil outcomes, it is essential to recruit, retain and motivate a sufficient number of high-quality teachers. The national pay framework for teachers is central to achieving this. This framework must attract graduates and career changers to train to become teachers as well as former teachers to return to the profession. It must support and motivate teachers to remain in the profession and provide a career pathway for some to progress into leadership roles and, ultimately, to become head teachers. The role of the STRB is to position the national pay framework within the graduate and wider labour markets to support the delivery of all these objectives.
- 4.38 **The persistent problems with teacher supply we have noted in our recent reports have continued.** Recruitment targets were missed for the seventh successive year and early career retention rates have continued to deteriorate. Greater numbers of experienced teachers are leaving the profession and it is more difficult to recruit and retain school leaders.
- 4.39 There will be increasing demands on the education system in the coming years. The forecast increases in secondary pupil numbers until 2024 will require more teachers to be recruited each year, while there will only be a small decrease in primary pupil numbers.
- 4.40 We conclude that it will be highly challenging to recruit and retain the number of high-quality teachers required to meet these demands. Alongside issues such as workload and accountability pressures, **pay is a key factor in relation to the recruitment, retention and motivation of teachers.**
- 4.41 Recent years have seen the teachers' pay framework slip down the distribution of earnings for *professional occupations* and for the whole economy. This means that more people working in other occupations are becoming better paid than teachers. Furthermore, in absolute terms, the median earnings of teachers remain lower than those of other *professional occupations* at all career stages.
- 4.42 We are clear that **the relative decline of teachers' pay has been a significant contributory factor in the deterioration in the state of teacher recruitment and retention.** The cost of this, in terms of short-term expedients and reduced effectiveness, are being carried by schools all over the country, who are finding it harder to recruit and retain teachers.
- 4.43 Last year, the Government accepted our recommendation of a 3.5 per cent uplift to the MPR. We welcome this, as it improved the competitiveness of pay for early career teachers. However, in order to maintain an effective teacher workforce, **further action is**

necessary to continue to make teachers' pay more competitive. If the relative position of the teachers' pay framework falls back again in September 2019, the benefits of the 2018 award will be lost.

- 4.44 In previous reports, we have recommended targeting early career teachers. We do not think that this is the right approach for the current pay round. Targeting starting pay risks being ineffective even in its own terms. Those considering joining the profession, and particularly career changers, look ahead to potential future earnings, as well as at starting pay. **We conclude we should prioritise recruitment, retention and career progression equally.**
- 4.45 We therefore recommend an uplift to all elements of the national pay framework for teachers to improve their position in relation the distribution of earnings for *professional occupations* and the wider economy. The median value of pay settlements across the economy was 2.5 per cent in the 12 months to March 2019, while the upper quartile in the distribution of pay settlements was 3 per cent. Pay settlements provide the closest comparator to the type of recommendations that the STRB makes about the teachers' pay framework. We also note that whole economy average earnings growth was 3.4 per cent in the three months to February 2019.
- 4.46 We make our recommendations in the context of continuing heightened economic uncertainty linked to the UK's departure from the EU. The teacher supply situation is influenced by both the graduate labour market and the wider economy. In the current context, it is difficult to make confident predictions about the state of the graduate labour market in the coming years.
- 4.47 In accordance with our remit, we have carefully considered the need to ensure that our recommendations are affordable across the school system as a whole. We have some reservations, as set out above, about whether it is possible to meaningfully assess the affordability of our recommendations. We also note the level of funding for schools is a matter for the Government to determine. While the Department decided to make more money available last year, this year the Secretary of State told us that we should assume that schools will have to manage the implementation of any changes to the pay framework for September 2019 within their current budget allocations. For some schools, the implementation of a pay uplift in September 2019 will be a significant challenge.
- 4.48 These last two factors lead us to conclude that **we must move cautiously in relation to the extent to which the competitiveness of the teachers' pay framework can be improved this year.** Our recommendation for September 2019 can only be a step in a multi-year process.

Our recommendations

- 4.49 **For September 2019, we recommend that all pay and allowance ranges for teachers and school leaders are uplifted by 2.75 per cent.** This uplift will build on the improvements in pay for early career teachers in recent years, make the whole pay framework more competitive relative to other *professional occupations*, and improve the position of teachers pay in relation to the wider economy and society. It is vital to do this in light of the compelling evidence about the deteriorating state of teacher recruitment and retention and of the significant challenges that schools will face in delivering excellent pupil outcomes in the coming years. If the pay framework is allowed to decline further relative to the wider labour market this year, the problems in teacher recruitment and retention will be exacerbated and require more radical, and potentially more expensive, action to be taken in the future.

- 4.50 Under the current pay system, it will be for school leaders and governing bodies to determine how to implement the changes to the School Teachers' Pay and Conditions Document (STPCD) that result from our recommendations and to determine the pay for individual teachers' in line with the Document and their pay policies. The STPCD requires that school leaders and governing bodies of local authority maintained schools make decisions about the pay progression of teachers in accordance with their schools' pay policies and taking account of an appraisal of performance.
- 4.51 School funding from 2020-21 is a matter to be determined as part of the Government's forthcoming Spending Review. Investment is essential to maintain a high-quality teacher workforce and deliver improved pupil outcomes. While much will depend on developments in the wider economy, it is highly likely that further steps will be required during this Spending Review period to improve the position of the teachers' pay framework in relation to other *professional occupations* in order to support teacher recruitment and retention. The Government will need to consider this as a priority in its Spending Review.

CHAPTER 5

Further observations

- 5.1 Following our conclusions and recommendations on our remit, this chapter provides the STRB's observations on broader matters relating to teachers' pay and conditions. It also presents our views on matters that may be necessary to address in future remits or that could be relevant to the work of the Review Body in the coming years.

Further remit on the classroom teachers' pay structure

- 5.2 In his remit letter for the current report, the Secretary of State noted that he intended to set the STRB a further remit on reforms to the pay structure for classroom teachers. He told us that this remit would seek recommendations on:

...how the teacher pay framework can be further reformed to ensure it is providing a clear career pathway for classroom teachers, is suitably differentiated to meet current challenges and how remaining rigidities can be reformed to create a more attractive offer for teachers at all career stages.

The Department also published in January 2019 its *Teacher Recruitment and Retention Strategy*¹. Most of our other consultees engaged with the Department in developing this strategy and many were signatories to the final document. The strategy outlines a number of new initiatives which aim to support teachers at all stages of their careers.

- 5.3 In expectation of this further remit, we have not addressed in detail any of the matters relating to pay structures on which the STRB is likely to be asked to make recommendations. We will give such issues full consideration if asked to do so in a future remit and report on our findings and recommendations. However, we note that the evidence gathered for the current remit has confirmed our view that it will be necessary to review elements of the current pay structure to make sure that this provides the best possible system for supporting teacher recruitment, retention and career progression. For example, we have noted persistent difficulties in recruiting for certain subject specialisms, substantial differences in the state of recruitment and retention for primary and secondary phase teachers, and evidence of particular issues affecting teacher supply in different geographical areas of the country.

The pay framework for school leaders

- 5.4 A number of our consultees have highlighted concerns about the current framework for the pay and conditions of school leaders. These included issues relating to the pay differentials between heads and deputy/assistant heads, a lack of protected leadership time for deputy/assistant heads, and the need to include provisions to clarify the levels of pay for emerging leadership roles such as executive heads and CEOs. In our last report, we observed that the last substantial review of the leadership pay structure was in 2014 (23rd report) and that it may be necessary for the STRB to consider the leadership pay structure in the coming years. The evidence this year has reinforced our view.
- 5.5 It is of vital importance that the pay system helps to retain and motivate leaders and provides an effective career pathway for experienced teachers to progress to leadership roles. We believe that aspects of the current framework will need to be reviewed to ensure that it does this as effectively as possible. The remit letter suggests that the Department's immediate focus will be on the classroom teacher pay structure; we

¹ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

agreed that this is appropriate. **However, we ask that the Department also consider the case for reviewing elements of the Leadership Group pay structure in future.** If the Department wishes to set the STRB a further remit to consider reforms to the pay structure for school leaders, we would be pleased to assist.

- 5.6 Several consultees told us in their written and oral submissions that the scope of the School Teachers' Pay and Conditions Document (STPCD) should be expanded to cover school leaders in the academy sector. It is clearly for the Government to determine which teachers and school leadership posts are covered by the STPCD. If the Government did wish to make amendments to the current arrangement or refer any additional matters relating to teacher remuneration to the STRB in the future, the Review Body would, of course, consider these matters and provide its advice.

Timing of annual pay round

- 5.7 The Government published our 28th report on 24th July 2018, which was at the end of schools' summer term. We heard from all consultees that this caused significant difficulties for school leaders and governing bodies in implementing the recommendations in a timely manner. The same point was made to us during our 2018 school visit programme. We asked the Secretary of State about this during his oral representations session. He acknowledged that late publication of the 28th report had been challenging for schools and told us that this had been due to the unique circumstances of the last pay round, particularly noting that it was the first year after the Government changed its 1 per cent pay policy. The Secretary of State told us that he planned to publish this year's report at an earlier point in the school year.
- 5.8 We consider it important that school leaders and governing bodies have sufficient time to make important decisions about how to implement changes to the STPCD that arise from our recommendations. **To do this, our report will need to be published and the Government's response announced significantly before the end of the summer term to support the effective and timely implementation of annual pay awards.**

Evidence on teacher workforce

- 5.9 In considering our current remit, we have noted that there are some gaps in the evidence base about the teacher workforce. We have relatively comprehensive and robust evidence available about recruitment and early career retention, but there is less published data about experienced teachers and school leaders. It would be beneficial to have more in depth analysis of the data available about teachers at all stages of their careers. For example, there is some evidence about the retention of school leaders that was published as a one-off release that it would be useful to see published on an annual basis. **We ask the Department to consider how to further develop the evidence base about the teacher workforce to support the Review Body to make well-evidenced recommendations in its forthcoming reports.**

Equality implications of the teachers' pay system

- 5.10 A number of consultees presented evidence this year on the equality implications of the pay system suggesting that, in some cases, that this system was resulting in discriminatory outcomes. We heard similar concerns last year. In response, our 28th report (July 2018), made the observation that the Department should "follow up on its previous pay evaluation with further research that focuses on the equality implications of the teachers' pay system." We note that, to date, the Department has not published any further research that follows up on the 2017 evaluation of the pay system. As we noted last year, this evaluation itself stated that more research was required to conclusively state

whether any group of teachers with protected characteristics were being disadvantaged by the pay system². **We therefore restate our observation that further research should be conducted by the Department that focuses on the equality implications of the teachers' pay system.**

² Section 4.3.2 of Department for Education (2017) *Evaluation of Teachers' Pay Reform: Technical Appendix* – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652765/Evaluation_of_Teachers__Pay_Reform_-_Technical_Appendix.pdf

APPENDIX A

Remit letter from Secretary of State



Rt Hon Damian Hinds MP
Secretary of State

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0370 000 2288 www.education.gov.uk/help/contactus

Dr Patricia Rice
Chair, School Teachers' Review Body
Office of Manpower Economics
8th floor
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

21 November 2018

Dear Patricia,

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

I would first of all like to offer my thanks for the STRB's work over the last year on its 28th report. I would now like to ask for your recommendations on the pay award in 2019/20.

The Government has adopted a more flexible approach to public sector pay, to address areas of skills shortages and in return for improvements to public sector productivity. However, in reaching your recommendations on 2019/20 pay award, you will want to ensure they are affordable. I recognise that the flexibilities in the pay system mean that the cost of the award to individual schools depends significantly on decisions made by those schools. Nonetheless, I consider it important that you give careful consideration to whether recommendations are affordable across the school system as a whole. My evidence will provide information on this matter to support your considerations. This year, I also request that you describe in your final report what steps you have taken to ensure affordability has been given due consideration when reaching your recommendations.

Furthermore, you will want to consider how the pay award can best utilise the flexibility within the Government's pay policy to address areas of skill shortage, while remaining within the bounds of affordability across the school system as a whole. In particular, you will want to consider how the pay award can best encourage high quality entrants to join the profession and support their progression within the workforce. My evidence will provide a detailed account

of the teacher labour market based on the latest recruitment and retention data, and I ask that you outline what consideration you have given to targeting in your final report.

Over recent years, the STRB's recommendations have led to fundamental reform of the teacher pay framework. In your last report, you called for the opportunity to further review the classroom teacher pay framework, to ensure it is providing a clear and compelling career pathway, and also called attention to the particular recruitment and retention challenges in certain phases and subjects. As you know, the department is currently developing a recruitment and retention strategy and as part of this the department has been considering your recommendation and how the pay system can best support schools with addressing recruitment and retention challenges. As a consequence, I intend to set you a further remit, issuing a further remit letter with a separate reporting deadline, in the new year. This will ask for your recommendations on how the teacher pay framework can be further reformed to ensure it is providing a clear career pathway for classroom teachers, is suitably differentiated to meet current challenges and how remaining rigidities can be reformed to create a more attractive offer for teachers at all career stages. My further remit letter in the new year will provide full details on the matters for your recommendations.

Considerations to which the STRB should have regard

In considering your recommendations, you should have regard to the following:

- a) The need to ensure that any proposals are affordable across the school system as a whole;
- b) Evidence of the national state of teacher and school leader supply, including rates of recruitment and retention, vacancy rates and the quality of candidates entering the profession;
- c) Evidence of the wider state of the labour market in England;
- d) Forecast changes in the pupil population and consequent changes in the level of demand for teachers;
- e) The Government's commitment to increasing autonomy for all head teachers and governing bodies to develop pay arrangements that are suited to the individual circumstances of their schools and to determine teachers' pay within the statutory minima and maxima.

Matters for recommendation

I refer to the STRB the following matters for recommendation:

- An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole.

I would be grateful if the STRB could aim to provide a report on this matter **by early May 2019**. I look forward to receiving your recommendations on the 2019 pay award.

A handwritten signature in black ink that reads "Damian Hinds". The signature is written in a cursive, slightly slanted style.

Damian Hinds
Secretary of State for Education

APPENDIX B

Review process

- B1. In order to formulate our recommendations on the remit matters, we consulted with our statutory consultees and considered a wide range of evidence. A summary of the representations that we received from consultees have been included in Chapter 2 of this report and the main points of evidence that we considered are presented in Chapter 3. Evidence from our visit programme is included in Appendix C and is referenced throughout Chapter 4. Below are details of the statutory consultation we undertook and the visits and meetings which informed our understanding of the issues relevant to this remit.

Consultation

- B2. We gave the following organisations the opportunity to make written representations and provide evidence:

Government

Department for Education (the Department)

Organisations representing teachers

Association of School and College Leaders (ASCL)
British Association of Teachers of the Deaf (BATOD)
National Association of Head Teachers (NAHT)
The NASUWT
The National Education Union (NEU)
Voice

Association of local authorities

National Employers' Organisation for School Teachers (NEOST)

Organisations representing governors

National Governance Association (NGA)

- B3. We also notified the following organisations of the remit:

Association of Directors of Children's Services (ADCS)
Board of Education, General Synod of the Church of England
Catholic Education Service
Confederation of School Trusts (CST)
Free Churches Education Committee
Information for School and College Governors (ISCG)
Methodist Independent Schools Trust
Office for Standards in Education, Children's Services and Skills (Ofsted)
SSAT (The Schools Network) Ltd
Teach First

- B4. Our secretariat wrote to consultees on 21st November 2018 to invite them to submit written representations on the remit matters by 16th January 2019. The Department informed us on 9th January that it would be unable to submit its representation by this date. We concluded that it was not possible to proceed to the next stage of

the consultation process without the Department's submission. In order to treat consultees equally, we informed all consultees that the deadline would be extended. We subsequently wrote to consultees on 23rd January to confirm that the new deadline was 30th January.

- B5. The following consultees made written submissions: ASCL¹, the Department², NAHT³, the NASUWT⁴, NEOST⁵, the NEU⁶, NGA⁷, BATOD⁸ and Voice⁹. In addition, four teacher unions (ASCL, NAHT, the NEU and Voice) submitted a joint statement¹⁰.
- B6. We asked consultees to share their written submissions and provided all with an opportunity to submit supplementary representations commenting on others' submissions by 20th February. Supplementary submissions were received from five consultees: ASCL¹¹, NAHT¹², the NASUWT¹³, the NEU¹⁴, and Voice¹⁵. There was also a further joint submission from ASCL, NAHT, the NEU and Voice¹⁶.
- B7. The following consultees were invited to make oral representations: the Department, ASCL, NAHT, NASUWT, NEOST, the NEU, NGA and Voice. All these organisations made individual representations in March 2019.

Visits and Meetings

- B8. In total, we held 18 meetings of the Review Body between 28th September 2018 and 17th May 2019. In addition to these meetings, we also heard oral representations from eight organisations over two days in March 2019.
- B9. In considering this remit, we took account of discussions we had with teachers, school leaders and other people involved in the education sector during our 2018 visit programme. In 2018, members of the STRB visited Blackpool, Reading, Enfield, Tower Hamlets, Leicester and Leicestershire. In these areas, we visited 10 primary schools, eight secondary schools, one all-through school, one special school, and two Initial Teacher Training (ITT) providers. The STRB also met with representatives from five local authorities. The STRB would like to extend its thanks to all the schools we visited, the teachers, school leaders, local authority officials and individuals involved in providing ITT we spoke to and those who helped us organise these visits.

¹ <https://www.ascl.org.uk/download.3BDBC58C-D1E4-4694-B53F6EA18AC80120.html>

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786481/STRB_Written_Evidence.pdf

³ https://www.naht.org.uk/_resources/assets/attachment/full/0/87356.pdf

⁴ <https://www.nasuwt.org.uk/uploads/assets/uploaded/c501c8fb-cebd-45ca-a06c77a2dca37edb.pdf>

⁵ <https://www.local.gov.uk/sites/default/files/documents/workforce%20-%20education%20and%20young%20people%20-%20school%20teachers%20-%20Final%20NEOST%20response%20to%20STRB%2029th%20Report%2030%20January%202019%20-%20unlocked.pdf>

⁶ <https://neu.org.uk/sites/default/files/2019-02/NEU%20submission%20to%20the%20STRB%20January%202019%20-%20FINAL%2029%201%2019.pdf>

⁷ [https://www.nga.org.uk/About-Us/What-we-think/Consultation-Responses/2019-Consultations/School-Teachers-Review-Body-\(STRB\)-January-2019.aspx](https://www.nga.org.uk/About-Us/What-we-think/Consultation-Responses/2019-Consultations/School-Teachers-Review-Body-(STRB)-January-2019.aspx)

⁸ <https://www.batod.org.uk/wp-content/uploads/2017/11/STRB2019.pdf>

⁹ <https://www.voicetheunion.org.uk/sites/default/files/STRBJan2019.pdf>

¹⁰ <https://www.voicetheunion.org.uk/sites/default/files/JointTeacherUnionStatementSTRBJanuary2019.pdf>

¹¹ <https://www.ascl.org.uk/help-and-advice/help-and-advice.submission-of-supplementary-evidence-to-the-strb.html>

¹² http://www.naht.org.uk/_resources/assets/attachment/full/0/80092.pdf

¹³ <https://www.nasuwt.org.uk/uploads/assets/uploaded/deafec7e-639e-4b9a-8d6624358c87ac0e.pdf>

¹⁴ <https://neu.org.uk/sites/default/files/2019-03/NEU%20supplementary%20evidence%20FINAL%20February%202019.pdf>

¹⁵ <https://www.voicetheunion.org.uk/sites/default/files/STRBsupplementary-submissionFeb2019.pdf>

¹⁶ <https://www.voicetheunion.org.uk/news-media-issues/unions-urge-review-body-ignore-government%E2%80%99s-suggested-pay-cap-teachers>

- B10. In January 2019, the chair and economist member of the STRB attended a meeting between pay review body chairs and economists and HMT officials.
- B11. Before we were given our remit, we received presentations that provided us with information about the wider context to our consideration of teachers' pay and conditions. In October 2018, we heard about the Department's priorities in relation to the teacher workforce from two officials - Stephen Baker (Deputy Director, Early Years and Schools Group) and Lorna Howarth (Deputy Director, ITT and Pay Reform). At the same meeting, we also heard from Sam Sims (UCL Institute of Education and Education Datalab), who provided a presentation on research relating to the teacher workforce, and Duncan Brown (Institute for Employment Studies), who spoke to the Review Body about pay structures. In November 2018, we received a presentation from Heather McNaughton (Director, Teaching Workforce Directorate) about the Department's plans for its *Teacher Recruitment and Retention Strategy*¹⁷ and the further remit for the Review Body to consider reforms to the classroom teacher pay structure. We would like to thank all those who attended our meetings to provide presentations.

¹⁷ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

APPENDIX C

Findings from STRB's 2018 visit programme

- C1. The 2018 school visit programme took place between July and October. Members of the STRB visited 10 primary schools, eight secondary schools, one all-through school, one special school and two Initial Teacher Training (ITT) providers, across six local authorities. The schools included a mix of local authority maintained and academy schools. Members also met with officials from five of the six local authorities. As the STRB's 28th report was published by the Government in late July, several of these visits took place before this report was published and the Government's response announced.
- C2. At each school we visited, members of the STRB had a number of discussion sessions with teachers. Typically, members would meet the head teacher and two to four small groups of teachers. Each group of teachers usually comprised two to six teachers at a similar stage of their career – for example, NQTs, teachers on the Upper Pay Range (UPR), middle leaders and senior leaders. Each discussion session was conducted in the form of a semi-structured interview, with members using a set of questions covering a number of core topics but following up, as required, on specific points raised by participants. A member of the STRB's secretariat team attended each session to take notes.
- C3. We have summarised below the key messages that STRB members took from their 2018 school visit programme. These are grouped into eight themes: recruitment; retention; levels of pay; use of pay flexibilities; progression and performance management; leadership pay; workload; and finance and local authority support services.

Recruitment

- C4. School leaders in all areas we visited told us that they faced challenges in recruiting teachers, saying that they saw less teachers applying for posts or that they felt that the quality of applicants was lower than it had been in the past. There appeared to be particularly acute difficulties in recruiting for certain secondary subjects. For example, a senior leader in a Blackpool multi-academy trust reported the situation was "beyond crisis point" in certain subjects, with one school in the trust having gone through 50 maths teachers in five years. We also heard reports of a decline in the quality of applicants for teaching positions, particularly in the primary phase. One school leader suggested this was due to the "devaluation" of PGCE courses and negative media coverage damaging public perceptions of teaching. We heard that geography was another factor in recruitment challenges – for example, school leaders in Reading told us the high cost of living in the area and its proximity to London, where teachers were paid more, made it difficult to attract teachers.
- C5. No teacher we spoke to told us that pay was the most significant factor in their decision to join the profession. Instead, teachers often cited factors such as their desire to make a difference to children's lives or their passion for their subject specialism as their main motivation for becoming teachers. Nonetheless, teachers still thought it was important that they were rewarded fairly for their work, while those who trained to become teachers later in life having had another career often told us that they had looked carefully at the pay available in teaching. Several teachers who had received bursaries told us these had been important in providing financial support while they undertook ITT. Some told us that they would not have been able to afford to train to become a teacher without a bursary.

Retention

- C6. We also explored teacher retention with school leaders, teachers and local authority officials. These discussions indicated that major factors contributing to retention issues included workload, pay and the cost of living. Many school leaders told us that they faced challenges in relation to retention but, other than for schools in London, this was not identified as being as significant an issue as recruitment. We were told that teachers in London schools often left at the point when they wanted to start a family as they could not afford housing. We heard examples of action that had been taken at school level to support teacher retention. This included offering part-time hours and supporting teachers who wished to take sabbatical leave. Some head teachers told us, however, that their school's financial situation prevented them from taking the action that would have had a more substantial impact on morale and retention, such as reducing timetabled teaching hours.
- C7. STRB members spoke to a number of teachers who themselves had decided to leave the profession or were considering this. One recently qualified teacher told us that they had decided to leave at the end of the school year to do a masters and did not plan to return to teaching. Despite loving teaching, they cited workload and pay as key drivers of their decision. An NQT told us that they were considering leaving as a result of workload, stating that they "felt broken" after their training year. We also met NQTs who told us that they were looking to teach abroad to earn more money as they thought it was impossible to afford to buy a house with their current salaries.

Levels of pay

- C8. We heard mixed views from teachers on their overall level of pay. We heard from many teachers who thought that the salary they received was good or fair, with teachers in some areas saying that it was competitive relative to the local labour market. Other teachers noted, however, that some of their peers who had entered other graduate professions earned substantially more. Even when teachers did view their overall level of pay as fair in itself, their outlook changed when workload was factored in. When taking account of the hours worked, these teachers did not consider the level of remuneration received to be reasonable.
- C9. Discussions with teachers who had recently joined the profession indicated that this group faced particular challenges relating to the cost of living. Our visits brought to light the issue of teachers opting out of the pension scheme as they could not afford contributions alongside rent and student loan repayments. This appeared to be a particular issue in London and the South East. For example, all of the NQTs we spoke to in Tower Hamlets said that they had opted out of the Teachers' Pension Scheme, with one telling us this was because they "needed every penny" to afford to live in the area.

Use of pay flexibilities

- C10. The members of the STRB also explored schools' use of pay flexibilities in their discussions with school leaders and teachers. We saw limited evidence of the use of pay flexibilities at the schools visited in 2018. Schools generally retained a pay structure that had six points on the MPR and three points on the UPR. We heard that some school leaders occasionally made use of flexibilities to support recruitment and retention – for example, in a school in Blackpool, some teachers were given "golden handshakes" to support recruitment, and a school in Tower Hamlets started most teachers on salaries above the minimum of the MPR. However, it appeared that the use of such flexibilities is not widespread.

- C11. We also heard examples of considerable resistance to using pay flexibilities from some school leaders. Two head teachers told us that they turned down requests for starting pay above the MPR minimum from NQTs in shortage subjects, which in one case meant that a vacant post was not filled. These school leaders stated that they saw higher starting pay for some teachers as unfair and were concerned about setting a precedent.

Progression and performance appraisal

- C12. All schools visited linked progression to performance appraisal, and it appeared that most teachers could expect to move up one point in their school's pay structure each year. Some school leaders told us that their pay policies allowed exceptional teachers to progress more than one step each year. In practice, however, we heard that this happened very infrequently. In most schools, we heard that a small number of teachers did not progress as a result of their performance appraisal.
- C13. We heard mixed views from teachers about the pay progression system. Some teachers believed that the principle of linking progression to performance appraisal was fair and the performance management processes in their schools were reasonable and proportionate. Others expressed concern about the uncertainty caused by this system in regard to their future earnings. Some teachers did not feel that the performance management and pay progression processes were being applied fairly in their schools – for example, stating that targets set could be unachievable, and that progression could be stalled for having “the wrong class at the wrong time”.

Leadership pay

- C14. Teachers in leadership roles acknowledged that their earnings were higher than classroom teachers. However, some assistant and deputy heads – particularly in the primary phase – said that the differential between their pay and that of a UPR teacher was small and did not adequately reflect their additional responsibilities. Many school leaders noted that their earnings were quite high within their local labour market. However, many were less satisfied when taking account of their working hours and the responsibility and accountability pressures of their roles. Several school leaders told us that they were paid less than people they saw working in comparative roles in the private sector while working considerably longer hours.
- C15. We asked classroom teachers and middle leaders whether they aspired to take on senior leadership roles and become head teachers. The vast majority of those we spoke to did not wish to become head teachers, although a higher proportion said that they would consider progressing into assistant or deputy head teacher positions. Pay was often not cited as a major factor in this. For most, the reasons centred around accountability and workload. Many classroom teachers told us that the workload involved in being a head teacher put them off, as this would have a negative impact on their work-life balance. Teachers were also concerned about the type of work involved in leadership roles. Some teachers told us that they did not wish to move into leadership as their priority was to remain in the classroom teaching children, and they did not want to take on the managerial responsibilities required of school leaders. However, we did speak to a number of trainees undertaking ITT who said that they did aspire to progress to leadership roles and, in some cases, to become head teachers.

Workload

- C16. High levels of workload were cited as having a significant negative impact on retention and morale in all areas that we visited. We heard concerns about workload from teachers at all stages of their careers. However, we did hear that pressures were particularly acute

at certain points – for example, we heard that workload was especially challenging for NQTs and those new to leadership roles. In our discussions, we also explored the relationship between pay and workload. As an illustration, a group of teachers in Blackpool told us they would prefer reduced workload or an extra free period, rather than extra pay. However, others suggested that increasing pay would make a difference, with a group of teachers in Reading stating that they saw higher pay as more important than reduced workload, as they felt all of their work was necessary to support pupils.

School finances and local authority services

C17. School leaders in all areas that we visited told us that they had faced challenges in relation to school funding levels in recent years. For example, we visited a number of schools which had restructured their staffing to reduce costs. We heard that schools in some areas expected to benefit from the introduction of the National Funding Formula, while others expected to see their funding levels reduced. Our discussion also highlighted changes in relation to the services provided by local authorities to schools and the impacts of reductions in funding. For example, many primary school teachers told us that reduction in the level of support services provided by the local authority meant that their roles expanded to include pastoral responsibilities, which had increased their workload.

APPENDIX D

Current and recommended pay levels

Classroom Teachers' pay ranges – England excluding the London area

	Current pay range	Recommended September 2019
Unqualified Teacher Pay Range	£pa	£pa
Minimum	17,208	17,682
Maximum	27,216	27,965
Main Pay Range		
Minimum	23,720	24,373
Maximum	35,008	35,971
Upper Pay Range		
Minimum	36,646	37,654
Maximum	39,406	40,490
Leading Practitioner Pay Range		
Minimum	40,162	41,267
Maximum	61,055	62,735

Classroom Teachers' pay ranges – Fringe area

	Current pay range	Recommended September 2019
Unqualified Teacher Pay Range	£pa	£pa
Minimum	18,339	18,844
Maximum	28,343	29,123
Main Pay Range		
Minimum	24,859	25,543
Maximum	36,157	37,152
Upper Pay Range		
Minimum	37,758	38,797
Maximum	40,520	41,635
Leading Practitioner Pay Range		
Minimum	41,268	42,403
Maximum	62,164	63,874

Classroom Teachers' pay ranges – Outer London area

	Current pay range	Recommended September 2019
Unqualified Teacher Pay Range	£pa	£pa
Minimum	20,441	21,004
Maximum	30,452	31,290
Main Pay Range		
Minimum	27,596	28,355
Maximum	38,963	40,035
Upper Pay Range		
Minimum	40,310	41,419
Maximum	43,348	44,541
Leading Practitioner Pay Range		
Minimum	43,348	44,541
Maximum	64,245	66,012

Classroom Teachers' pay ranges – Inner London area

	Current pay range	Recommended September 2019
Unqualified Teacher Pay Range	£pa	£pa
Minimum	21,641	22,237
Maximum	31,644	32,515
Main Pay Range		
Minimum	29,664	30,480
Maximum	40,372	41,483
Upper Pay Range		
Minimum	44,489	45,713
Maximum	48,244	49,571
Leading Practitioner Pay Range		
Minimum	47,751	49,065
Maximum	68,652	70,540

Classroom Teachers' allowance ranges

	Current range	Recommended September 2019
Teaching and Learning Responsibility (TLR) payment 3 (Fixed term)	£pa	£pa
Minimum	540	555
Maximum	2,683	2,757
Teaching and Learning Responsibility (TLR) payment 2		
Minimum	2,721	2,796
Maximum	6,646	6,829
Teaching and Learning Responsibility (TLR) payment 1		
Minimum	7,853	8,069
Maximum	13,288	13,654
Special Educational Needs Allowance (SEN)		
Minimum	2,149	2,209
Maximum	4,242	4,359

Leadership Group pay ranges – England excluding the London area

	Current salary range			Recommended September 2019		
	£pa			£pa		
Leadership Minimum ¹	39,965			41,065		
Broad Bands for Head Teachers						
1	45,213	–	60,153	46,457	–	61,808
2	47,501	–	64,736	48,808	–	66,517
3	51,234	–	69,673	52,643	–	71,590
4	55,064	–	74,985	56,579	–	77,048
5	60,755	–	82,701	62,426	–	84,976
6	65,384	–	91,223	67,183	–	93,732
7	70,370	–	100,568	72,306	–	103,334
8	77,613	–	111,007	79,748	–	114,060

Leadership Group pay ranges – Fringe area

	Current salary range			Recommended September 2019		
	£pa			£pa		
Leadership Minimum ¹	41,065			42,195		
Broad Bands for Head Teachers						
1	46,318	–	61,247	47,592	–	62,932
2	48,603	–	65,837	49,940	–	67,648
3	52,335	–	70,771	53,775	–	72,718
4	56,169	–	76,077	57,714	–	78,170
5	61,860	–	83,799	63,562	–	86,104
6	66,496	–	92,320	68,325	–	94,859
7	71,480	–	101,659	73,446	–	104,455
8	78,715	–	112,105	80,880	–	115,188

¹ Minimum for Deputy and Assistant Head Teachers only.

Leadership Group pay ranges – Outer London area

	Current salary range			Recommended September 2018		
	£pa			£pa		
Leadership Minimum ¹	43,136			44,323		
Broad Bands for Head Teachers						
1	48,383	–	63,297	49,714	–	65,038
2	50,673	–	67,880	52,067	–	69,747
3	54,401	–	72,813	55,898	–	74,816
4	58,231	–	78,123	59,833	–	80,272
5	63,930	–	85,845	65,689	–	88,206
6	68,559	–	94,362	70,445	–	96,957
7	73,541	–	103,706	75,564	–	106,558
8	80,785	–	114,147	83,007	–	117,287

Leadership Group pay ranges – Inner London area

	Current salary range			Recommended September 2018		
	£pa			£pa		
Leadership Minimum ¹	47,517			48,824		
Broad Bands for Head Teachers						
1	52,771	–	67,638	54,223	–	69,499
2	55,061	–	72,221	56,576	–	74,208
3	58,787	–	77,158	60,404	–	79,280
4	62,621	–	82,463	64,344	–	84,731
5	68,315	–	90,186	70,194	–	92,667
6	72,943	–	98,706	74,949	–	101,421
7	77,930	–	108,048	80,074	–	111,020
8	85,169	–	118,490	87,512	–	121,749

¹ Minimum for Deputy and Assistant Head Teachers only.

