



School Teachers'
Review Body

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THIRTIETH REPORT – 2020

Chair: Dr Patricia Rice



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

July 2020



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CONSULTEE ORGANISATIONS, 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 Governance Association
Secretary of State Voice	Secretary of State for Education

Terms and abbreviations used in this report

ASHE	Annual Survey of Hours and Earnings
COVID-19	Coronavirus Disease 2019
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
DLHE	Destination of Leavers from Higher Education
EBacc	English Baccalaureate
EEA	European Economic Area
EPI	Education Policy Institute
ESFA	Education and Skills Funding Agency
FTE	Full-Time Equivalent
GDP	Gross Domestic Product
HESA	Higher Education Statistics Agency
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HR	Human Resources
IDR	Incomes Data Research
IES	Institute for Employment Studies
IFS	Institute for Fiscal Studies
ISE	Institute of Student Employers (formerly Association of Graduate Recruiters (AGR))
ITT	Initial Teacher Training
LA	Local Authority
LEO	Longitudinal Education Outcomes
MPR	Main Pay Range
NFER	National Foundation for Educational Research
NFF	National Funding Formula
NQT	Newly Qualified Teacher
OBR	Office for Budget 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
PAR	Pupil Adult Ratios
PTR	Pupil Teacher Ratios
QTS	Qualified Teacher Status
RPI	Retail Prices Index
RSC	Regional Schools Commissioner
SCITT	School-Centred Initial Teacher Training
SEN	Special Educational Needs
SENCO	Special Educational Needs Coordinator
SOC	Standard Occupational Classification
STPCD	School Teachers' Pay and Conditions Document (Department for Education (2019) <i>School Teachers' Pay and Conditions Document and Guidance on School Teachers' Pay and Conditions</i>)
STEM	Science, Technology, Engineering and Mathematics
STRB/Review Body	School Teachers' Review Body
SWC	School Workforce Census
TFP	Temporarily Filled Posts
TLR	Teaching and Learning Responsibility allowance
TPG	Teachers' Pay Grant
TPS	Teacher Pension Scheme
TSM	Teacher Supply Model
UCAS	The Universities and Colleges Admissions Service
UCL	University College London
UPR	Upper Pay Range
QToD	Qualified Teachers of the Deaf

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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 and provides advice on the pay and conditions of teachers in England. The current legal foundation for the function and work of the STRB is in Part Eight of the Education Act 2002. The secretariat for the STRB is provided by the Office of Manpower Economics (OME).

The members of the STRB are:

Dr Patricia Rice (Chair)

Sir Robert Burgess

Ken Clark

Harriet Kemp

John Lakin

Lynn Lawrence

Mike Redhouse

Martin Post

Dr Andrew Waller

Executive Summary

Our remit for 2020/21

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

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

Context to our consideration of the remit

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

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

Our analysis and considerations

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

Recruitment and retention

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

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

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

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

Teacher earnings

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

Our evidence shows that:

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

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

Consideration of the pay progression profile

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

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

Consideration of advisory pay points

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

Consideration of the MPR and UPR

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

Potential impact of COVID-19

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

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

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

Our conclusions and recommendations

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

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

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

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

Looking ahead

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

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

CHAPTER 1

Introduction and background to the remit

The remit for the STRB's 30th report

- 1.1 The School Teachers' Review Body (STRB) is an independent body that provides advice on the pay and conditions of school teachers in England to the Prime Minister and the Secretary of State for Education. As specified in the Education Act 2002, the role of the STRB is to consider matters referred to it by the Secretary of State and provide recommendations. We received a letter from the Secretary of State on 18th September 2019 that asked us to make recommendations on:
- *An assessment of the adjustments that should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole and in the light of [the Secretary of State's] views on the need for an uplift to starting salaries.*
 - *Additional advice to schools on the performance-related pay progression pathway for classroom teachers including advisory pay points on the main and upper pay ranges. Your views on the role of progression to the upper pay range and the continued case for separate main and upper pay ranges.*
- 1.2 This remit letter 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.
 - The Government's commitment to the autonomy of 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 noted that the Government had announced its intention to increase starting salaries for teachers to £30,000 nationally by September 2022. It also contended that there was a strong case for schools to move toward a relatively flatter pay structure alongside higher starting and early career salaries.
- 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.

Context to the current remit

Impact of coronavirus (COVID-19)

- 1.5 The impact of COVID-19 has fundamentally changed the context to our consideration of this remit. It is clear that this has resulted in an unprecedented social and financial shock to the UK, the economic impact of which will be profound. In terms of the education

system, schools and teachers are currently facing new and unparalleled challenges. We recognise the significant contribution made by teachers and school leaders, who have gone above and beyond their usual roles during this uniquely challenging period.

- 1.6 It is certain that the unprecedented events of the past months will have a major impact on the labour market in the UK, including the recruitment and retention of teachers. At this stage, however, it is not possible to predict confidently the full extent of the impact or how sustained it will be.
- 1.7 These impacts of COVID-19 could not have been anticipated when the pay round commenced and when our consultees prepared their written submissions. The written evidence and representations received from our consultees and a majority of the other evidence we have been able to draw upon in producing these recommendations therefore do not reflect the expected impact of COVID-19. We were able to discuss these issues with our consultees during oral representations, but we recognise the timings of these sessions meant that it was only possible for consultees to provide initial views on a complex and developing situation. These discussions confirmed that, despite this change in the wider context, all of our consultees were still committed to the proposals for pay in 2020/21 put forward in their written submissions and considered that the evidence they had provided to support these proposals remained valid. The Department's position was that the STRB should continue with its consideration of the remit and that the pay proposals and rationale for these set out in its submission still stood.
- 1.8 Our approach has therefore been to consider the evidence available to us at this time, including the latest emerging economic indicators and forecasts. We have taken account of these, and of the current environment of considerable economic uncertainty, when developing our recommendations. In these circumstances, we have found it most valuable to focus, alongside our recommendations on the 2020/21 pay award, on determining the aspects of the pay structure that will support the recruitment and retention of teachers in the longer term.

The teacher pay system and the STRB's recent recommendations

- 1.9 For several years, the STRB has been asked for recommendations on the level of uplifts to the teacher pay and allowance ranges. The current remit also seeks advice on changes to the pay structure for classroom teachers. To provide context to our consideration of this remit, we have provided a brief overview of the current pay system and how this was developed. This is followed by information about the STRB's recommendations in its most recent reports, and the Review Body's rationale for these.

The pay system for classroom teachers

- 1.10 Under the current teacher pay system, the STRB is responsible for advising on the national pay and conditions framework for teachers in England, as set out within the School Teachers' Pay and Conditions Document (STPCD). The STPCD specifies the statutory pay and allowance ranges for teachers and school leaders by setting the minimum and maximum for each. There are four regional pay bands: Inner London; Outer London; the London fringe; and the rest of England. All teachers in local authority maintained schools must, by law, be paid between the minimum and maximum of their pay range. Academies are not required to follow the provisions of the STPCD, but research¹ indicates that, in practice, most do base their pay policies on the pay framework set out in this document.

¹ Incomes Data Research (2017) *Academies' Approaches to Teachers' Pay* – <https://www.gov.uk/government/publications/academies-approaches-to-teachers-pay-october-2017>

- 1.11 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. Most schools have chosen to retain pay points between the minima and maxima of the statutory pay ranges in their policies, and some local authorities and teacher unions publish pay ranges with advisory pay points each year.
- 1.12 The current pay system for teachers and school leaders in England was introduced by the Government in line with recommendations made in the STRB's 21st report (published in December 2012). Prior to this, there was a main pay scale with six pay points and an upper pay scale with three pay points. Teachers would automatically progress one point on the main pay scale each year, unless subject to performance capability proceedings. To progress to the upper pay scale, teachers were required to make an application and demonstrate to the relevant body – which in most contexts would be the head teacher and governing body – that they met a separate set of teacher standards. Progression on the upper pay scale was only possible after two years, other than in exceptional circumstances, based on appraisal against the post-threshold standards.
- 1.13 The recommendations of the STRB's 21st report, which were accepted by the Government, were for incremental progression based on length of service to be replaced by differentiated progression linked to performance appraisal for all teachers. The main pay scale and upper pay scale were changed into a main pay range (MPR) and upper pay range (UPR) which did not include mandatory pay points. Reference points, based on the previous mandatory pay points, were initially maintained until September 2015 to support schools to transition to the new system and to guide career expectations. The 21st report recommended the retention of an upper pay range as a career path for experienced teachers but removed separate post-threshold standards. While the recommendations of the report focused on providing schools with greater autonomy in regard to teacher pay, it stated that good teachers should expect to progress to the maximum of the MPR in around five years, with the best teachers progressing more rapidly. The STRB has reiterated this expectation in its subsequent reports, and the Government has consistently endorsed this expectation.
- 1.14 For school leaders, the STPCD specifies the minima and maxima of the overall Leadership Group pay range and eight broad bands for head teachers. A school is assigned to one of these broad bands by calculating its unit score, based on a number of set criteria, including pupil numbers. The salary of the head teacher is set by the school's governing body between the minimum and maximum of the relevant band, but governing bodies have flexibility to pay up to 25 per cent above the maximum in certain circumstances. The current leadership pay system was established in line with the recommendations of the STRB's 23rd report (February 2014). This report recommended the framework of minimum and maximum pay levels and broad bands for head teachers and also the removal of mandatory pay points for leaders, mirroring the system in place for classroom teachers by giving governing bodies greater autonomy to link progression to performance.

Recent STRB recommendations

- 1.15 Our 26th (July 2016) and 27th (July 2017) reports were produced in the context of the Government's policy that public sector pay awards should be limited to 1 per cent. Both reports expressed concerns about the trends in teacher supply and the competitiveness of the teacher pay framework relative to other graduate professions. In our 26th report, we concluded that the evidence presented a strong case for uplifts in excess of 1 per cent but that we had concerns about schools' ability to manage the costs of a higher pay award. In the light of this, we recommended a 1 per cent uplift to all pay and allowance ranges but made it clear that, if trends in relation to recruitment and retention

continued, we expected that more significant uplifts would be required in future. In our 27th report, we concluded that action was required to make the teacher 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 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 and a 1 per cent uplift to all other pay and allowance ranges. The recommendations of both reports were accepted by the Government.

- 1.16 Our 28th report (July 2018) was produced following a change in public sector pay policy, with the Government no longer stating that awards should be limited to 1 per cent as more flexibility might be required in some areas of the public sector, particularly areas of skill shortage. In our report, we concluded that there had been a further deterioration in teacher recruitment and retention and that 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 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 MPR and unqualified teacher pay range by 3.5 per cent, the UPR, leading practitioner pay range and all allowance ranges by 2 per cent, and the leadership group pay ranges by 1.5 per cent. When responding to our 28th report, the Secretary of State also announced a new teachers' pay grant (TPG) intended to cover the difference between the pay award and the cost of a 1 per cent award that schools would have anticipated.
- 1.17 The remit for our 29th report (July 2019) asked the STRB to recommend what adjustments should be made to the salary and allowance ranges for teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole. In our report, we concluded that the state of teacher recruitment and retention had continued to worsen against a backdrop of rising pupil numbers. We stated that a decade of relative decline had taken the teachers' national pay framework too low in relation to the graduate labour market and the wider economy and that schools were finding it harder to recruit and retain teachers and risked becoming less effective as a result. We concluded that action was required to improve the competitiveness of the teacher pay framework in order to avoid further deterioration in teacher supply. As a result, we recommended that all pay and allowance ranges for teachers and school leaders should be uplifted by 2.75 per cent from September 2019. The report also noted a number of persistent structural issues with the pay framework that reinforced the STRB's view that a consideration of the classroom teachers' pay structure was required. Our recommendation was accepted by the Government. When announcing the Government's response, the Secretary of State reiterated the position expressed in his evidence to the STRB that a 2 per cent increase in teacher pay was affordable for 2019/20. He also announced additional funding for the TPG for the financial year 2019-20 to cover the 0.75 per cent difference between the 2 per cent he judged to be affordable and the 2.75 per cent pay award.

The pay round process

- 1.18 The pay round process began with the receipt of the remit letter in September 2019 which stated that our report should be submitted in April 2020. We invited our statutory consultees², including the Secretary of State, to submit initial written representations and evidence by 13th November 2019.
- 1.19 In October 2019, the Government called a General Election for December 2019. Given this, a new deadline for written evidence for the Department and consultees was agreed as 20th January. Correspondence between the chair of the STRB and officials from the Department confirmed that, as a result of this delay, the original deadline for submitting the report before the end of April 2020 would no longer stand. After initial written submissions were received, we shared these with all consultees and provided an opportunity to make a supplementary submission commenting on other parties' representations and evidence by 17th February. Where consultees published their full submissions online, we provide links in Appendix B.
- 1.20 The STRB originally planned to conduct oral evidence sessions in person with eight consultees during March 2020. These sessions were all scheduled and the first three took place as planned. However, developments in relation to COVID-19 meant that our plans had to be changed for the remaining five sessions. These all took place by telephone or video conference and, while some sessions had to be postponed, the evidence sessions were all completed between March and May 2020. We recognise that this was a challenging time for our consultees, given their important roles in supporting schools, teachers and others involved in the education sector in dealing with the unprecedented challenges presented by COVID-19. We thank our consultees for providing oral evidence during this difficult period, and for the flexibility of those who had to accommodate the different approach required to conduct these sessions remotely.
- 1.21 During these oral evidence sessions, we asked questions to representatives of each consultee organisation to understand their views on the remit matters we were asked to consider. In the light of the fact that we had received specific proposals for changing the classroom teacher pay structure from the Department, we explored all consultees' views on these proposals during these sessions. We also challenged and probed consultees on issues 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. The main points raised in the written and oral representations from our consultees are set out in Chapter 2 and our detailed consideration of the pay modelling used by the Department to develop its proposals is in Appendix C.
- 1.22 As well as drawing on the evidence and representations received from our consultees, the STRB conducted its own analyses about the teaching workforce, based on a range of research reports and publications that 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, teachers' earnings in comparison to those of other graduate professions, and school funding and finances. Our analyses of this evidence are set out in Chapter 3.

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.

- 1.23 The Office of Manpower Economics (OME) also commissioned two pieces of research on behalf of the STRB to inform its consideration of the pay structure for classroom teachers:
- In June 2019, the National Foundation for Educational Research (NFER) conducted a survey of teachers' seeking views on the pay framework in England.³
 - Incomes Data Research (IDR) were commissioned in October 2019 to research the use of mechanisms similar to the MPR/UPR threshold in other pay systems.⁴
- 1.24 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, most academies follow the provisions of the STPCD. Information relating to academy schools and the teachers that work in them will therefore be relevant to the STRB and, as a result, this report includes some analyses of data relating to the academy sector.
- 1.25 Each year, the STRB undertakes a programme of school visits in the summer and autumn. We speak to 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. During our autumn visits, we were also able to gather some views on the remit matters. Our visits programme provides invaluable input that enhances our understanding of the context of our work and the impact that it has. We would like to extend our thanks to those schools, universities and local authorities we have visited in the last year. The areas that we visited in 2019 are listed in Appendix B and the key messages we took from this year's visit programme are provided at Appendix D.

Our approach and the structure of this report

- 1.26 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. The report is structured to reflect our approach to considering the evidence and determining our recommendations on the remit matters.
- 1.27 We first consider the context to the remit in terms of the teacher labour market and school funding and finances. This includes the current state of teacher recruitment and retention, the challenges in maintaining an effective teacher workforce in England and evidence on pay and recruitment in the graduate labour market. We then review the evidence and representations on the specific remit matters that we have been asked to consider. We look at the appropriate level of starting pay for teachers, how the pay progression profile for classroom teachers can best support recruitment and retention, and how to ensure that the classroom teacher pay structure supports multiple career pathways for those in the teaching profession. We also consider the case for providing further guidance to schools, in terms of pay points, and the options for the future of the MPR and UPR. The representations submitted by our consultees on these matters are first set out in **Chapter 2**. The STRB's own evidence and analysis of these issues is provided in **Chapter 3**.
- 1.28 Drawing together all of the evidence, we then determine our conclusions and recommendations on the remit matters. We first focus on how, in principle, the pay structure for classroom teachers can most effectively ensure that enough good teachers are recruited in all geographical areas, phases and subject specialisms, and that these

³ National Foundation for Educational Research (2019) *Teachers' views on the pay framework in England* – <https://www.gov.uk/government/publications/teachers-views-on-the-pay-framework-in-england>

⁴ Incomes Data Research (2020) *Pay thresholds in reward systems* (forthcoming).

teachers are retained in the profession and supported in their career progression. This includes considering how to provide guidance through pay points to support school leaders and governing bodies to use their resources more effectively to recruit and retain teachers, while also allowing them flexibility to respond to local issues, and the case for maintaining a pay threshold in the pay structure for classroom teachers. The STRB's conclusions on the objectives that should underpin an effective teacher pay system and the case, in principle, for reforming the elements of the classroom teacher pay structure we have been asked to consider in the remit are set out in **Chapter 4**.

- 1.29 We then consider what specific steps should be taken in 2020/21 to adjust the pay and allowance framework. This includes assessing the evidence on the teacher labour market, where the teacher pay framework should be positioned relative to earnings in the graduate labour market and the wider economy, the potential impacts of COVID-19, affordability across the system and for individual schools, and how to support schools to manage and implement the changes we recommend. The STRB's conclusions and recommendations for pay in September 2020 are provided in **Chapter 5**.
- 1.30 The current remit focuses on the classroom teacher pay structure, but we recognise there will be implications for the overall teacher pay system – for example, in terms of how to reward those in middle and senior leadership roles. Our consideration of the remit also raised a number of broader issues about the pay system that we believe will merit consideration in the future. **Chapter 6** sets out the STRB's observations and commentary about aspects of teacher pay and conditions outside of the current remit and looks ahead to issues that may require consideration in the future.

CHAPTER 2

Overview of representations from the Department and consultees

- 2.1 This chapter sets out the representations that the STRB has received from its consultees in relation to the current remit. The chapter is divided into two sections. The first section addresses the main points made by consultees about the broader context to the current remit. It covers:
- Teacher recruitment and retention;
 - Economic context, the graduate labour market and teacher earnings; and,
 - School funding and finances.
- 2.2 For each of these topics, we have set out the main points made by the Department for Education, followed by the points made by other consultees. We then set out the conclusions reached by the Review Body about the representations it has received on these issues.
- 2.3 The second section addresses the main points made by consultees about the specific remit matters we have been asked to consider. This follows the same structure as the first section, setting out the points made by the Department followed by the points made by other consultees for each topic before setting out the conclusions we have reached about consultees' representations on these issues. The second section addresses the following issues:
- Views on the remit;
 - Classroom teacher pay structure: starting pay;
 - Classroom teacher pay structure: pay progression profile;
 - Classroom teacher pay structure: advisory pay points;
 - Classroom teacher pay structure: main and upper pay ranges;
 - Affordability; and,
 - Proposals for STRB recommendations for 2020/21.¹
- 2.4 The timescales for submitting representations meant that consultees did not provide views on the impact of the coronavirus (COVID-19) pandemic in their main and supplementary written submissions. While we did discuss the potential impact of COVID-19 with consultees during their oral representations sessions, the timings of these sessions meant that consultees were only able to provide initial views on a developing situation. Many of our consultees highlighted the considerable challenge it was placing on teachers and the education system, but most noted that the longer-term impacts on the wider economy, the graduate labour market and teacher supply were unclear. All of our consultees remained committed to the proposals on pay for 2020/21 that they had set out in their written submissions.

¹ Throughout this report, dates in the format '2020/21' refer to the academic year (September to August). Dates in the format '2020-21' refer to the financial year (April to March).

Representations on the teacher labour market and school funding and finances

Teacher recruitment and retention

The Department's views

- 2.5 The Department's submission contended that the number of teachers in schools in England remained high, with more than 453,000 working in schools across the country. It asserted that teacher vacancy rates had remained low and relatively stable at around 0.3 per cent or less. However, the Department stated that it recognised teacher recruitment and retention was a challenge and suggested that this was particularly due to an improving economy and a strengthening graduate labour market.
- 2.6 In terms of recruitment, the Department reported that there were 29,580 new entrants to postgraduate Initial Teacher Training (ITT) courses in the academic year 2019/20. It stated that this meant that postgraduate recruitment was at its highest level since 2010/11 but, because of increased demand for new teachers, it had only reached 89 per cent of its target for postgraduate trainee recruitment. It reported that secondary school pupil numbers were expected to rise by 15 per cent between 2018 and 2025 and stated that the number of secondary school teachers will need to grow by almost 9,000 to meet this demand.
- 2.7 The Department's submission emphasised that retention was particularly challenging for early career teachers. It cited research by the National Foundation for Educational Research (NFER)² which had found that the probability of teachers leaving the profession was highest in the first five years of their career. The submission also addressed the relationship between teacher supply and subject specialism. It noted that the recruitment targets to certain subjects such as maths, science and modern foreign languages have consistently been missed, and these subjects also had the lowest retention rates. The Department also highlighted that retention challenges are most acute in schools serving areas of disadvantage. The Department's submission set out the action that it was taking in addition to its proposals on pay to improve teacher recruitment and retention. It highlighted the actions proposed in its 2019 *Teacher Recruitment and Retention Strategy*,³ which included establishing an early career framework to support teachers at the start of their careers.
- 2.8 The Department's submission reported that 1.0 per cent of head teacher posts were vacant or temporarily filled in 2018. The submission stated that the Department recognised that the recruitment and retention of school leaders was a challenge. It stated that it was investing in the development of teachers and that this would help to support recruitment into leadership roles, and said that the 2014 reforms to the leadership pay system should allow governing bodies to use pay to address specific leadership supply issues.

Consultees' views

- 2.9 All the consultees commented on the state of teacher recruitment and retention in their submissions, with most stating that there were severe difficulties with teacher supply. Many characterised the current situation as a crisis. For example, NAHT asserted that there was a settled consensus that there is an unparalleled crisis in the supply of teachers and school leaders and that there had been no substantive or significant improvement

² National Foundation for Educational Research (2018) *Teacher Workforce Dynamics in England* – <https://www.nfer.ac.uk/teacher-workforce-dynamics-in-england/>

³ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

since last year. In their supplementary written submissions, several consultees were critical of the Department's assessment of the state of teacher recruitment and retention, contending that it did not recognise the severity of the crisis in teacher supply.

- 2.10 Consultees provided their assessment of teacher recruitment in their written submissions. Several addressed the trends in recruitment in the context of targets for postgraduate ITT. For example, the NEU noted that recruitment to ITT was above target between 2006/07 and 2011/12 but that the overall target had been missed in every year since, while NAHT emphasised that the individual ITT targets for both primary and secondary teachers were missed for 2019/20. Consultees also highlighted other indicators that they proposed demonstrated the severity of the teacher recruitment situation, with the NASUWT asserting that declining trends in UCAS applications and the number of overseas teachers obtaining QTS, alongside performance against ITT recruitment targets, underlined that there was a crisis in teacher supply. Several consultees also raised concerns about the increasing demand for teachers due to rising pupil numbers with Voice, for example, stating that this could lead to an increase in the pupil-teacher ratio unless remedial action is taken. ASCL reported that it had calculated that 26,000 additional secondary school teachers would be needed by 2026. In this context, it expressed concern that the current ITT recruitment targets for primary and secondary continued to be missed. The NEU also asserted that a decline in the graduate-age population was another pressure on teacher recruitment, as there would be a smaller pool of new graduates from which to recruit.
- 2.11 In addition to the numbers joining the profession, some consultees also commented on the quality of entrants. For example, NAHT expressed concern about the quality of entrants to teaching, noting that a majority of school leaders responding to its survey⁴ perceived the quality of applicants for both classroom teacher and leadership roles to have fallen over the last three years. NEOST also reported that schools in some local authority areas had expressed concern about the declining quality of applicants, with particular issues for secondary schools and for schools serving areas of high deprivation.
- 2.12 Consultees also expressed strong concerns about the state of teacher retention. During oral representations, officials from the NEU told us that the current challenge was primarily one relating to retention, which fed into recruitment difficulties, as it created a need for more new teachers. Several consultees raised particular concerns about trends in retention rates for early career teachers. For example, the joint submission from ASCL, NAHT, the NEU and Voice, while reporting that retention problems affected the whole profession and have continued to worsen, stated that the biggest step forward would be to cut leaving rates for early career teachers. A number of consultees also emphasised that retention of experienced teachers was a significant issue. The NEU reported that its analysis of School Workforce Census (SWC) data indicated that the average salary of teachers leaving the profession was around £36,000. It asserted that this showed that the system was losing teachers with significant experience and expertise and, in its oral session, representatives from the NEU emphasised the vital role played by experienced teachers and middle leaders in schools. The NASUWT reported that there was an increased overall wastage rate and falling retention rates for teachers at all career stages. It also stated that a significant proportion of older teachers were seeking early exit through actuarially reduced pensions. During oral representations, officials from the NASUWT also told us that two thirds of respondents to its annual survey had stated that they were seriously considering leaving the profession.
- 2.13 The written submissions from consultees addressed the reasons for the current recruitment and retention situation. Several explicitly linked this to the level of teacher pay. The joint submission from ASCL, NAHT, the NEU and Voice asserted that the

⁴ The NAHT's pay and well-being survey was conducted between 1st and 21st October 2019 and received 1,238 responses from NAHT members.

ongoing problems in recruiting teachers and school leaders were due to inadequate pay. The NASUWT contended that schools would struggle to recruit and retain teachers while teacher pay remained uncompetitive in comparison to the wider graduate labour market, especially when demand for graduates was high and increasing. NAHT stated that its pay and well-being survey⁵ indicated that school leaders saw pay as an increasingly important factor in recruitment and retention. It reported that 70 per cent of respondents thought that more competitive pay across the profession could improve the attractiveness of teaching. Consultees also identified a range of other issues that they saw as contributing to teacher recruitment and retention pressures. For example, NEOST reported that workload continued to be the number one issue cited in regard to teachers leaving the profession. Its submissions also noted that other issues raised by local authorities as causing problems in teacher supply included school budgetary difficulties, specific local challenges, the cost of housing and overall decline in the perceived status of teaching.

- 2.14 Some consultees indicated in their submissions that the teacher recruitment and retention challenges were especially acute for certain groups of teachers. NEOST reported that its stakeholders experienced particular difficulty recruiting to certain shortage subjects and in disadvantaged areas. A number of consultees addressed regional variations, including some particular challenges with respect to teacher supply in London, which are addressed below in paragraph 2.43. ASCL asserted that there was a serious undersupply of teachers for some disciplines including physics, mathematics and modern foreign languages. BATOD's submission addressed particular challenges in the recruitment of Qualified Teachers of the Deaf (QToDs), stating that there had been a 17 per cent drop in the number of QToDs in the UK with the mandatory qualification over the last eight years. However, several consultees also emphasised in their submissions that, while there may be some particular challenges, recruitment and retention problems were significant for teachers at all stages of their careers, in all locations and subject specialisms. For example, the supplementary joint submission from ASCL, NAHT, the NEU and Voice asserted that the supply pipeline for teachers and leaders was broken at all career stages.
- 2.15 The consultees representing school leaders and local authorities also commented on the state of recruitment and retention of school leaders. NAHT's submission described an "unfolding crisis in leadership supply". The unions representing school leaders commented on the impact of the level of pay awards on the leadership pipeline and the retention of school leaders. NAHT asserted that leadership is becoming less appealing due to sustained cuts in the real-terms value of pay and pensions since 2010. It also stated that school leaders had become increasingly demoralised by targeted pay increases favouring early career teachers. NAHT reported that it had calculated that the difference between the leadership pay range minimum and the main pay range (MPR) maximum had been "eroded" from 18.7 per cent in 2014 to 14.2 per cent in 2018. ASCL was also critical of the Department's decision to differentiate pay uplifts in September 2018. Its submission provided its calculations of the real-terms impact of uplifts to the leadership pay range in 2018 and 2019, stating that the cumulative award over the two years equated to an average increase of less than inflation for both years. NAHT's submission reported that data obtained from the Department on retention rates for school leaders showed that the number of secondary schools with at least one temporary member of leadership staff or one leadership vacancy increased between 2015 and 2018, and was now at 29.4 per cent.
- 2.16 The submissions from the school leader unions also addressed the wider factors that influenced the recruitment and retention of school leaders. NAHT raised a range of factors that it contended had demoralised school leaders and put teachers off progressing into leadership. These included workload, work/life balance, high-stakes accountability

⁵ See footnote 4 for details of the survey.

and the need to manage the impact of cuts to school funding. The NAHT presented survey evidence that indicated that a higher proportion of teacher trainees aspired to headship than middle leaders or deputy and assistant heads. It asserted that this showed that aspirations for leadership were “tarnished” by the realities of working life. In its submission, the NAHT also called on the STRB to review the role of deputy and assistant heads and give consideration to how to protect their leadership time. ASCL noted that senior leaders felt disenchanted by a range of factors, including increased accountability. A number of consultees also raised concerns that the current state of classroom teacher recruitment and retention would have knock-on implications for the supply of school leaders. For example, the NASUWT stated teacher recruitment and retention issues will result in problems in securing a sufficient number of qualified and experienced teachers to fill middle and senior leadership roles.

Economic context, the graduate labour market and teacher earnings

The Department’s views

- 2.17 The Department’s submission provided an assessment of the wider graduate labour market focused on starting salaries. It noted that the most recent Higher Education Statistics Agency (HESA) data available indicated that average starting pay for graduate professionals was £25,500 in 2017. The Department cited analysis from the Institute of Student Employers⁶ and High Fliers⁷, which focuses on large graduate scheme recruiters, suggesting average graduate salaries of £28,250 and £30,000 respectively in 2018. The Department also stated that research, conducted by High Fliers on its behalf, indicated final year university students significantly under-estimated the current starting salary for teachers.
- 2.18 The Department also compared the pay structure for teachers in England to that in other countries, drawing mainly from analysis presented by the Organisation for Economic Co-operation and Development (OECD) in its *Education at a Glance 2019* report.⁸ The Department’s submission stated that OECD analysis indicates that statutory starting salary levels in England are low compared to the average of OECD countries. It also noted that starting salaries in England are lower than those for teachers in Scotland and Wales. However, the Department contended that pay levels in England progress relatively rapidly compared to other OECD countries, noting that statutory salaries for teachers with 15 years of experience are higher than the OECD average. The Department also reported that OECD evidence indicated that England offered a higher premium for school heads than in any other OECD country.
- 2.19 The Department’s submission provided data on teacher earnings in England. It stated that median gross pay (including allowances) for classroom teachers in state-funded schools in England was £36,800 in November 2018. This had increased by 2.0 per cent compared to November 2017. The Department reported that median teacher salaries vary according to location, with higher pay for teachers in London, and by teachers’ level of experience.
- 2.20 During oral representations, officials from the Department told us that it was too early to judge the longer-term economic effects of COVID-19 and its impact on the labour market but stated that their evidence for the 2020/21 pay award remained robust. The Secretary of State told us that it was likely that employment in the public sector would

⁶ Institute of Student Employers (2018) *Annual student recruitment survey 2018*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>

⁷ High Fliers (2018) *The Graduate Market in 2018* – https://www.highfliers.co.uk/download/2018/graduate_market/GMReport18.pdf

⁸ Organisation for Economic Co-operation and Development (2019) *Education at a Glance 2019* – <https://www.oecd.org/education/education-at-a-glance/>

be an attractive option in the short to medium term due to the impact on COVID-19 and that this would provide an opportunity to attract “truly amazing” teachers to the profession.

Consultees’ views

- 2.21 The written submissions from several consultees addressed the wider economic context. As set out above, the timescales for written evidence submissions meant that these representations did not take account of the impact of COVID-19. During oral representations, several consultees highlighted the significant pressures that COVID-19 was placing on teachers and school leaders and the vital role that they were playing in the response to the pandemic. The discussions also highlighted the considerable uncertainty about the longer-term economic impact and the effect that this would have on the teacher labour market.
- 2.22 The points raised in written submissions about the economic context included asserting that teacher pay increases should be seen in the context of current and forecast inflation rates. For example, the joint supplementary submission from ASCL, NAHT, the NEU and Voice stated that the Department’s proposals for teachers’ pay should be seen in the context of the latest HM Treasury forecast⁹ of retail price index (RPI) inflation at 2.5 per cent in the fourth quarter of 2020. The NASUWT also noted that RPI inflation was forecast to be 2.5 per cent in September 2020 and 2.8 per cent in September 2021. The NASUWT and the NEU both asked the STRB to have regard to RPI, rather than other measures of inflation, when determining its recommendations. The NASUWT noted that research by Incomes Data Research (IDR) found that a majority of employers use RPI when calculating pay awards for their workforces. The NEU contended that the use of RPI was appropriate given its wide acceptance and use in pay negotiations across different sectors of the economy.
- 2.23 A number of consultees’ written submissions commented on the Government’s response to the 29th report and the impact that this had on teacher earnings. For example, NGA stated that it supported the conclusion of the STRB’s 29th report that the national pay framework is too low in relation to the graduate labour market and the wider economy, while the joint union submission contended that the award was only just above inflation and was not sufficient to address problems in teacher recruitment and retention. However, all consultees welcomed the fact that pay uplifts for September 2019 were not targeted. Some consultees raised concerns about the Department’s decisions on funding for pay uplifts in September 2019. For example, ASCL’s submission expressed disappointment that the Department did not act on the assessment of the majority of consultees that a 2 per cent pay increase was not affordable without additional funding.
- 2.24 Consultees also provided their assessments on the graduate labour market, with many focusing on evidence that pay for teachers was uncompetitive compared to earnings in other graduate professions in the UK. Voice stated that starting pay for teachers was lower than for other graduate professions, citing research from High Fliers¹⁰ which indicated that, while starting pay at leading graduate employers remained unchanged at £30,000, a sixth of places on top graduate programmes provided starting salaries of £40,000 or more. ASCL considered starting pay in other public sector professions. It noted that graduate schemes for the police and prison service already offered starting salaries of up to £30,000 and contended that starting pay for teachers should be higher as a degree was a pre-requisite for teaching, unlike for these two professions. The NASUWT had commissioned IDR to conduct a review of teachers’ pay compared

⁹ At the time of submission, these were HM Treasury (2020) *Forecasts for the UK economy: January 2020* – <https://www.gov.uk/government/statistics/forecasts-for-the-uk-economy-january-2020>

¹⁰ High Fliers (2020) *The Graduate Market in 2020* – https://www.highfliers.co.uk/download/2020/graduate_market/GM20Report.pdf

to other graduate professions. This used the Annual Survey for Hours and Earnings (ASHE) data to compare pay for primary and secondary teachers with a selection of ten non-teaching graduate occupations. The NASUWT reported that mean earnings for secondary teachers ranked tenth out of the twelve occupations in the study and mean earnings for primary teachers ranked twelfth. The NASUWT also reported that its annual *Big Question* survey¹¹ of its members found that 82 per cent of respondents did not think that pay for teaching was competitive with other professions. The NEU also provided research that had been conducted on its behalf by IDR. This study compared salary levels for teachers with those of other graduate occupations, based on IDR data obtained from its surveys of HR professionals responsible for graduate recruitment. This research found that the starting salary for teachers was 13 per cent lower than the median starting salary for other graduates in 2019 and this situation had slightly deteriorated since 2010. It also indicated that pay in other graduate professions typically progresses at a faster rate than for teachers. NAHT's submission compared the overall career offer for teachers to that provided in other professions. It stated that, unlike teaching, professions such as medicine, law, accountancy and architecture offer clear, predictable opportunities both for pay and career progression. NAHT asserted that, for teaching to be regarded in the same terms as such professions, reform of the pay structure was necessary.

- 2.25 A major theme in the submissions received from the unions representing teachers and school leaders was the decline in the real-terms value of teachers' salaries over time. The joint submission from ASCL, NAHT, the NEU and Voice stated that teachers and school leaders have seen significant real-terms reductions in their salaries since 2010, with cuts of 15 per cent compared to RPI inflation. The NASUWT also provided its assessment of the changes in the real-terms value of the teacher pay ranges since 2010, stating these ranges are currently between 13.4 per cent and 19.1 per cent lower than if they had increased in line with RPI inflation since 2010. ASCL calculated that, if starting pay for teachers had increased in line with consumer price index (CPI) inflation since 2010 and continued to do so in line with forecasts, it would have almost reached the £30,000 proposed by the Department by 2022. The NAHT also considered the impact on the leadership group pay range, calculating that the minimum of this range in 2018 was £5,926 lower than if it had been increased in line with CPI inflation and £9,406 lower than if it had been increased in line with RPI.
- 2.26 Aside from the impact on teacher recruitment and retention, which is addressed above in paragraph 2.13, some consultees also provided their assessment of how these real-terms decreases in the levels of pay for teachers has affected the workforce. The NEU and the NASUWT both contended that low levels of pay had caused increasing numbers of younger teachers to opt out of the Teachers' Pension Scheme (TPS). In its supplementary submission, the NASUWT also reported that the claims to its benevolent fund for teacher hardship had increased between 2018 and 2019.

School funding and finances

The Department's views

- 2.27 The Department's written submission set out the projected spending on schools for the next three years. It noted that, in the 2019 Spending Round¹², the Government announced funding increases for schools of £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23 in cash terms compared to 2019-20. It stated that the Government is additionally providing £1.5 billion a year to schools to fund additional employer pension contribution costs. The Department reported that this will bring the

¹¹ The NASUWT's *Big Question 2019* survey was carried out in February and March 2019. Over 5,500 teachers in England responded to the survey.

¹² HM Treasury (2019) *Spending Round 2019* – <https://www.gov.uk/government/publications/spending-round-2019-document>

schools' budget to £52.2 billion in 2022-23, which it calculated as representing an overall increase in school funding of £4.6 billion above inflation. During oral representations, the Secretary of State noted that education had received the most generous funding settlement in the 2019 Spending Round after health and emphasised that the approach taken on schools in the coming years needed to be sustainable within this settlement.

- 2.28 The Department stated that this additional funding will be used to increase the minimum level of per-pupil funding for 2020-21 to £3,750 for primary schools and £5,000 for secondary schools. It noted that there will be a 'funding floor' of a minimum 1.84 per cent increase per pupil in the National Funding Formula (NFF) for schools and asserted that this will protect the per-pupil allocations for all schools in real terms as a minimum, based on the gross domestic product (GDP) deflator forecast at the time. It also contended that there will be a larger increase in most schools' allocations, noting that there will be an increase of 4 per cent to the NFF's core factors. The Department stated that actual funding levels for schools would depend on decisions taken by local authorities and that there will be variation in the level of funding increases for individual schools. It maintained that recommended pay increases should take account of this variation. The Department reported that the teachers' pay grant (TPG) would continue in 2020-21 and that it then intended to roll this funding into the NFF for schools for 2021-22. Its submission emphasised that it did not intend to increase the pay grant in respect of the 2020 pay award and that this award therefore needed to be affordable within the increases in schools' base budgets announced in the 2019 Spending Round.

Consultees' views

- 2.29 Consultees' written submissions addressed the additional funding that the Government had announced for schools in the 2019 Spending Round. Several responded positively to the Government's decision. The NASUWT contended that the Government's announcement of a funding settlement for schools covering 2020-21 to 2022-23 provided schools with financial stability. NEOST and NGA stated that they welcomed the decision to increase funding for schools. However, both also noted that analysis from the Institute of Fiscal Studies (IFS) calculated that the additional Government funding would leave school spending per pupil at the same level in real-terms in 2022-23 as in 2009-10. Several other consultees also expressed continued concern about the overall level of school funding, particularly in the context of longer-term trends in funding levels. The joint submission from ASCL, NAHT, the NEU and Voice asserted that the increase in funding announced in the spending round was not sufficient to reverse the real-terms cuts in funding that schools had experienced since 2010. In this context, ASCL declared in its supplementary submission that the additional funding provided by Government was "woefully insufficient".
- 2.30 Written submissions from consultees also provided views on how this additional funding would be distributed and the financial situation of individual schools. The joint union submission contended that 83 per cent of schools would still have lower levels of per-pupil funding in real terms in 2020 than in 2015. ASCL reported that it had calculated that over 16,500 schools would lose out under the new funding arrangements. NEOST stated that there was limited information about how this additional funding would be distributed and reported that local authorities expected that funding would remain a significant concern for some schools. NGA provided the results of its annual survey¹³ of its members, which indicated that funding remained a significant concern for school governors and trustees. It reported over 76 per cent of respondents to this survey said that they were not confident that funding pressures could be managed without any adverse impact on the quality of education provided in their schools.

¹³The NGA's School Governance 2019 survey was conducted between May and June 2019 and received 5,923 responses from school governors, trustees and academy committee members of state-funded schools in England.

- 2.31 The NASUWT provided an assessment of schools' financial situations that differed from other consultees. It stated that there is sufficient funding in the system for a substantial above inflation pay increase for teachers. It calculated that the accrued reserves across England are over £4 billion and suggested that there was a tendency for schools to "hoard" funding. The NASUWT asserted that the fact that some schools are in deficit should not deter the STRB from recommending a significant pay increase. It also asked the STRB to recommend that the Department publish statutory financial guidance to ensure that schools give priority to funding teachers' salaries.

The STRB's conclusions on consultees' representations on the teacher labour market and school funding and finances

- 2.32 We have carefully reviewed all of the representations submitted by our consultees on the teacher labour market and school funding and finances. We have set out below the main conclusions we have reached following our consideration of these representations:
- There is a broad consensus among our consultees that there are difficulties in relation to teacher supply. All consultees are of the view that urgent action is needed to improve the state of teacher recruitment and retention, particularly in the context of increasing demand for secondary teachers due to rising pupil numbers in the coming years.
 - There are differences between consultees, however, in their assessment of the severity of overall teacher supply issues and the extent of retention challenges. The Department stated that the current teacher supply situation presents challenges, while the unions representing teachers and school leaders characterised this situation as a crisis. The Department's submission also emphasised that there were particular challenges with retention in the early stages of teachers' careers. In contrast, many consultees contended that retention was a pervasive issue, affecting classroom teachers at all career stages and school leaders.
 - While issues such as workload and accountability are identified as important issues, a significant number of our consultees are of the view that action on teacher pay is also necessary to improve the current teacher recruitment and retention situation. Several saw increases to teachers' pay as a key element of addressing negative perceptions and raising the status of the teaching profession.
 - Our consultees' assessments of teachers' earnings looked at this issue from a number of different perspectives and reached different conclusions:
 - The Department focused on the competitiveness of starting pay for teachers in the UK graduate labour market and comparisons to teacher pay in other OECD countries. It concluded that pay for early career teachers was less competitive than pay for experienced teachers and school leaders.
 - Most of the consultees shared the Department's conclusions on the competitiveness of starting pay for teachers in the UK graduate labour market. However, these consultees also concluded that pay levels for experienced teachers were not competitive compared to those with similar levels of experience in other graduate professions in the UK.
 - The unions representing teachers and school leaders also looked at changes in the real-terms value of teacher pay levels over time. They concluded that there had been a significant decrease in the real-terms earnings for teachers at all career stages since 2010.
 - The Department's submission provided information about the funding settlement for schools between 2020-21 and 2022-23 announced in the 2019 Spending Round and described this as a "substantial increase". Other consultees, while welcoming

the new funding for schools, focused in their representations on the current financial situation of schools and trends in funding in recent years. Most concluded that the level of additional funding was insufficient as they did not feel that it made up for the real-terms reductions schools had faced since 2010 and highlighted this was exacerbated by schools facing additional funding pressures. Several also expressed concerns about how this funding was distributed between individual schools. The NASUWT took a different position, concluding that school revenue balances showed that there was already sufficient money in the system to afford a substantial above inflation pay increase for teachers. It stated that action was required to ensure that funding for teachers' pay was prioritised over other expenditure.

Representations on the remit matters

Views on the remit

The Department's views

- 2.33 The Department's submission noted that its remit letter sets out the view that a significant uplift was required to teacher starting pay and that there was a strong case for schools to move toward a less steep pay progression structure. The submission also emphasised that the Department's proposals for the teacher pay system were part of a wider set of reforms that the Government was pursuing to address the full range of factors affecting recruitment and retention.

Consultees' views

- 2.34 Some consultees commented in their written submissions on the scope of the remit that the Department had asked the STRB to consider. The NASUWT noted that the remit was the widest for several years and described it as being of "crucial importance". However, NAHT contended that there was a crisis in teacher recruitment and retention that could only be resolved through a full, evidence-based, strategic review of the pay structure and expressed disappointment that the STRB were not asked to consider the link between pay progression and performance or the structure of leadership pay.
- 2.35 Several consultees expressed concern that the remit letter stated that the STRB should give consideration to the need to ensure that any proposals are affordable across the school system as a whole. Both the NEU and NAHT submissions stated that the STRB should reject this instruction as affordability was a political decision. Voice's submission reported that it was dismayed that the STRB was asked to take account of affordability and asserted that it had no place in the work of a truly independent review body. The NASUWT also stated that it did not agree that affordability across the education system should be a matter for consideration for the STRB.
- 2.36 Some consultees also commented on the Government's announcement that teacher starting salaries would rise to £30,000 by 2022/23. The NASUWT expressed concern that this outcome was presented as a "*fait accompli*" and asserted that this risked undermining the role of the STRB. NAHT asserted that the Department's approach attempted to constrain the STRB by announcing pay policy in advance of setting the remit.

Classroom teacher pay structure: starting pay

The Department's views

- 2.37 The Department's submission noted that the STRB's recent reports have found that teacher starting salaries compared unfavourably to other UK graduate professions. It contended that increasing teacher starting pay was likely to improve recruitment to the profession significantly and that a starting salary of £30,000 by 2022/23 was likely to

have a strong public impact and create a perception of teaching as a well-paid and high-status profession. The Department's submission also asserted that a more competitive starting salary could increase the quality of recruits to the profession. It stated that this could lead to better educational outcomes which in turn may improve economic productivity in the longer term. During oral representations, the Secretary of State emphasised that increasing teacher starting pay to £30,000 by September 2022 was a manifesto commitment that he was fully committed to delivering to attract the "brightest and the best" to become teachers.

- 2.38 In addition to the impact of starting pay on recruitment, the submission contended that wider research highlighted the positive impact of pay on teacher retention, particularly for early career teachers. The Department asserted that a pay system which better supports retention would have the effect of reducing longer-term costs to the taxpayer and schools. It also cited analysis from the OECD, stating that this showed that starting pay for teachers in England was lower when compared to economically similar countries. The Department's submission stated that an investment in both starting salaries and early career pay was needed to address teacher recruitment and retention challenges.
- 2.39 The submission reported that the current pay structures for the three London pay areas are significantly different to the rest of England, with higher starting salaries and lower early career pay progression increases. It asserted that the pay structures in London are therefore already closer to the aims of its proposed reforms and that it consequently proposed lower uplifts to starting salaries in the three London pay areas than for the rest of England. In oral representations, officials stated that, as the teacher workforce in London was younger on average, uplifts to starting pay would be significantly more expensive for London schools so it would be "irresponsible" to propose higher uplifts. Officials told us that the state of teacher recruitment in London was strong and that they did not envisage NQTs leaving London to work elsewhere as a result of this approach.

Consultees' views

- 2.40 Many of our consultees were supportive of the Department's plans for a substantial increase in teacher starting pay. For example, the NAHT stated that the proposal to increase starting pay to £30,000 was a positive step and Voice reported that it had welcomed the Prime Minister's announcement on raising starting pay to £30,000 by 2022. However, consultees' support for this suggested increase to starting salaries was tempered by their concerns about the accompanying proposals for flattening the pay structure. These are addressed below in paragraphs 2.49 to 2.55.
- 2.41 Some consultees addressed the financial implications for schools of increasing starting pay. ASCL stated that, while it welcomed the proposal to increase starting pay to £30,000, it was concerned about how much of the additional funding for schools this would take up. Similarly, NGA supported the proposed increase in starting salaries but questioned whether the additional funding provided by the Department was sufficient to help schools deal with real-terms cuts at the same time as increasing teacher pay. NEOST reported that some school leaders and local authorities were concerned about the impact of this proposal on school budgets.
- 2.42 Several consultees questioned whether £30,000 would be the right level of starting pay for teachers in 2022/23 and whether this would have the positive impact on teacher recruitment and retention predicted by the Department. For example, the NASUWT stated that a significant number of graduate roles in 2018 offered starting pay of £30,000 or more and that a £30,000 starting salary for teachers in 2022/23 will therefore be "too little too late". ASCL similarly warned that the median graduate starting salary was likely to have increased above £30,000 by 2022. The NEU asserted that a £30,000 starting salary in 2022/23 was unlikely to amount to any more than restoring the real-terms value of the starting salary to its 2010 level. It stated that, if higher than forecast

inflation between now and 2022 were to reduce the real-terms impact of this proposal, the £30,000 figure should be revised upward in line with inflation. NEOST asserted that increasing starting pay to £30,000 may not substantially improve recruitment or early career retention, as pay was not the most important factor for graduates joining the profession or for teachers leaving in the first two to five years.

- 2.43 Several consultees expressed concern about the state of teacher supply in London and the impacts of the Department's proposal for relatively smaller uplifts to starting salaries in London. Representatives from NEOST suggested during oral representations that the Department's proposed approach was likely to have a negative impact on recruitment and retention for London schools. Representatives from ASCL stated that it was "disingenuous" for the Department to say that pay in London was more generous given the very high living costs there and noted that the proposals would significantly reduce the differential between the London pay ranges and the pay ranges for the rest of England. NEU representatives told us during their oral session that the proposals represented an effective cut in the London pay premia and a separate review of the London labour market was required. NGA's written submission noted that a survey of its members¹⁴ indicated that recruitment was particularly challenging in areas surrounding London, where the costs of living and housing were similar to London, but for which there was no additional pay.

Classroom teacher pay structure: pay progression profile

The Department's views

- 2.44 The written submission from the Department set out its proposals for changes to the pay progression profile for classroom teachers, expanding on the statement in the remit letter that there should be a move towards a relatively flatter pay progression structure. The submission stated that the current structure provided for larger annual progression steps on the MPR from a relatively low starting salary, with smaller progression steps on the upper pay range (UPR). It suggested this model is not optimal for addressing recruitment and retention challenges noting that, while awaiting increases in pay through the first five years, one-third of teachers have left the profession. The Department also reported that evidence of increased sensitivity to pay in the early years of a teaching career has led some external commentators to call for higher early career pay with a less steep pay progression structure. It also stated that it would not support a change in the time typically taken by a classroom teacher to progress through the pay ranges, as such an approach would create a new and unexpected pressure on schools' budgets.
- 2.45 The Department's submission set out three possible approaches for this year's pay award in terms of uplifts to the statutory pay ranges. It contended that each of these options would be affordable within a 3 per cent increase to the pay bill and would create a pay structure which better addresses recruitment and retention challenges. All three options would provide for larger increases to the minimum of the MPR, ranging between 6.27 per cent and 7.5 per cent, and lower increases of between 2.25 per cent and 2.75 per cent to the maximum of the MPR and the minimum and maximum of the UPR. The minima and maxima of other pay and allowance ranges would be increased by either 2.25 per cent or 2.5 per cent. The Department stated that the pay increases it proposed for teachers on the upper and leadership pay ranges under all three of its options would be above inflation, reporting that the Office for Budget Responsibility (OBR) CPI inflation forecasts for 2020/21 were between 1.9 per cent and 2.0 per cent. It contended that these lower proposed awards reflected evidence of less acute supply challenges among more experienced teachers and teachers in leadership positions, with lower wastage and vacancy rates. It also asserted that there was evidence that pay was a lower priority for such teachers in their decisions whether to remain in the profession, with issues relating

¹⁴ See footnote 13 for details of the survey.

to workload or flexible working opportunities being more significant factors. In their oral session, we asked officials about potential negative impacts of their proposals on the retention of experienced teachers. They reiterated the view that experienced teachers generally left the profession for reasons other than pay and told us that they expected their proposals to have a neutral impact on the retention of experienced teachers. The Secretary of State told us in oral representations that the proposed 2.5 per cent increase for experienced teachers was likely to be seen as a good settlement, particularly in the context of the economic impacts of COVID-19. He stated that he wanted to provide a reward package that would bring brilliant people into the profession, while also doing what was fair and right for existing teachers.

- 2.46 The submission stated that the Department considered its option B, which involves a 6.7 per cent increase to starting pay and a 2.5 per cent increase to the MPR maximum and all other pay and allowance ranges, to represent the best approach. It asserted that this option struck the appropriate balance between increases to starting and early career pay to address recruitment and retention challenges and providing a significant, real-terms increase for experienced teachers and school leaders to support an attractive career pathway. The submission provided three options for uplifts to the London pay ranges in 2020/21 and stated that these broadly mirrored the three approaches proposed for the rest of England pay range.
- 2.47 In addition to its options for changes to the pay progression profile in 2020/21, the Department's submission also set out its views on the pay structure in the longer term. It provided examples of possible pay structures for the four geographical pay bands in 2022/23. The pay structure for the rest of England proposed a starting pay level of £30,000 with a flattened pay progression profile. This would involve an increase of around 23.1 per cent to starting pay between 2019/20 and 2022/23, with an increase of 6.1 per cent to the MPR maximum and UPR minimum and of 8.6 per cent to the UPR maximum. The example pay structures for the London pay areas involved increasing starting pay by 21 per cent to £31,000 for the London fringe area, by 17.1 per cent to £33,200 in the Outer London area and by 16.5 per cent to £35,500 in the Inner London area. The pay progression profile would also become flatter in each of these areas.
- 2.48 The Department's submission stated that it had developed a model to estimate the potential impact of its proposals on teacher retention based on data from the SWC. The submission stated that the Department's modelling indicated that, from September 2022, its preferred approach would result in around 810 additional teachers being retained per year outside the London pay areas and around 260 teachers retained per year in the London pay areas. The Department also stated that there was considerable uncertainty about this estimate and that the actual impact on the teacher workforce would depend on a number of economic and other factors which could affect the teacher labour market. The Department contended that it could be reasonably expected that its proposed reforms would improve teacher recruitment and asserted that economic theory would suggest that prospective new teachers will place a higher weight on starting salaries than later career salaries. However, the Department reported that there was insufficient evidence to attempt to estimate the magnitude of recruitment gains, but noted that some academic literature suggested that the recruitment gains could be of a similar magnitude to the retention gains of their proposals.

Consultees' views

- 2.49 The initial written submissions from consultees addressed the principle of moving toward a relatively flatter pay structure, as proposed by the Department in its remit letter. Most consultees expressed strong opposition to this principle and to any targeting of pay awards for teachers. For example, the joint submission from ASCL, NAHT, the NEU and Voice contended that the proposed increase of starting pay to £30,000 must be

accompanied by equivalent increases to all teacher pay points and allowances. It also stated that any targeting of pay increases would create new problems. BATOD also expressed opposition to any form of differentiated pay award and the NASUWT asserted that the STRB had a duty to prevent any further erosion of the pay level for experienced teachers, including in relative terms. NEOST reported that local authorities had expressed concerns that a flatter structure would limit schools' ability to differentiate pay to reflect teachers' performance. None of our consultees other than the Department supported the idea of a flatter pay structure in their written submissions, but the NGA stated that it did not have the detailed evidence required to take a definitive position on this issue.

- 2.50 The consultee organisations which submitted supplementary written representations provided further views on the detailed proposals set out in the Department's submission. All of these organisations remained strongly opposed to the principle of moving toward a flatter pay structure. The supplementary joint submission from ASCL, NAHT, the NEU and Voice stated that these organisations viewed any proposal for another differentiated pay increase as "wholly wrong" and asserted that experienced teachers would be dismayed at such an approach. The organisations reiterated this point in their individual supplementary submissions. For example, Voice contended that the retention of experienced teachers should be treated as a priority by the Department and that current pay differentials therefore must be maintained.
- 2.51 Consultees also raised concerns about specific elements of the Department's case for a flatter pay structure. Several were critical of the Department's statement that pay was a lower priority in terms of the retention of experienced teachers. For example, Voice stated that, while pay was important for early career retention, its importance in later career stages should not be underestimated and this was demonstrated by the number of experienced teachers leaving the profession. Consultees were also critical of the Department's assessment that teachers place greater weight on short-term pay prospects rather than looking at the longer term. For example, the NASUWT contended that there was no evidence to support this position and stated that its experience was that potential entrants and NQTs are influenced by both starting pay and career advancement opportunities. Supplementary submissions from some consultees also rejected the Department's assertion that its options would provide an above inflation pay increase for experienced teachers and school leaders. ASCL noted that the proposed increases to the pay ranges for these teachers were below forecast RPI inflation rates and asserted that this was therefore a fundamental flaw in the Department's proposals. Similar points were expressed by other consultees.
- 2.52 The supplementary submissions from consultees addressed the Department's approach to modelling the impact of its proposals. The NEU stated that it was not clear that the Department's assessment of the impact of its proposals was based on robust evidence and noted that there was no attempt to estimate recruitment gains. It also stated that the Department should publish the analyses of SWC data on pay progression that informed its modelling and that, if it did not, the STRB should recommend that this is published. The NASUWT stated that the Department's evidence base relied heavily on studies of teacher supply in other jurisdictions that were very different to England. It contended that the narrow research evidence base set out in the technical annex to the Department's submission did not provide confidence in the assumptions made to formulate its model. The NASUWT also stated that the number of additional teachers forecast to be retained under the Department's modelling represented a very small percentage of the teacher workforce. As a result, it asserted that the Department's reform proposals were "the very definition of tinkering around the edges". Similarly, ASCL stated that it was "staggered" to see that the Department estimated that its proposals would reduce the number of teachers leaving the profession by just a quarter of a percentage point.

- 2.53 Some consultees addressed the timescales for teachers to progress through pay ranges in a system with a flatter pay structure. In its written submission, NEOST had interpreted the proposal for a flatter structure as potentially meaning that the lower pay points would be removed from the MPR. It reported that a majority of its stakeholders would be concerned if a flatter pay structure meant that teachers progressed more rapidly, noting that this could lead to additional budget pressures. BATOD also contended that, if the UPR was maintained, the expectations that teachers should reach the maximum of the MPR in five years should continue. There was a different view on this issue from the NEU. The NEU made clear that it rejected the differentiated approach proposed by Government and called for a uniform pay increase in September 2020. However, it also stated that, if the STRB did decide to support the Department’s proposal for higher starting pay with smaller uplifts further up the pay structure, it should seriously consider the case for doing this by removing the lowest points of the MPR and shortening the structure to allow faster progression. Representatives from the NEU reiterated this point during oral representations, suggesting that they could see a case for a single combined pay scale for classroom teachers with six points provided that the levels of pay were appropriate.
- 2.54 Consultees’ submissions also provided their views on the potential impact of the Department’s proposals. Many consultees stated that this was likely to affect the morale of experienced teachers and school leaders and could lead to greater numbers leaving the profession. The NASUWT contended that the Department’s proposals would demotivate the majority of the teaching profession. It stated that treating early and later career teachers inequitably would simply displace wastage from among less experienced teachers to those at later career stages. NAHT asserted that the Department’s proposal was “self-defeating and destined to fail” and stated that it was likely to undermine retention, damage career longevity and morale among experienced teachers and negatively impact leadership supply. In oral representations, Voice told us that there were significant risks in targeting smaller uplifts at teachers with five to eight years’ experience, as this was the time in teachers’ careers when they will think about longer-term prospects and consider other options outside teaching. NEOST representatives also told us that the perception of unfairness among experienced teachers was likely to be exacerbated due to the additional pressures on this group to support NQTs under the new early career framework.
- 2.55 Several consultees were also of the view that the proposals would not help to improve the competitiveness of the teacher pay framework and the perception of teaching as a “badly paid” profession. The NEU stated that such perceptions will be influenced by longer term pay prospects, rather than solely by starting pay. It also contended that those recruited to the profession are more likely to leave if pay levels further on in their career were uncompetitive. The NASUWT stated that perceptions of teaching as a badly paid profession would not change until the gaps between average wages for teachers and those in other graduate professions were significantly reduced through above inflation increases for teachers at all career stages. NAHT also asserted that the Department’s proposals guaranteed that pay in teaching will fall further behind other comparable graduate professions.

Classroom teacher pay structure: advisory pay points

The Department’s views

- 2.56 The Department’s submission noted that the remit letter asked the STRB to set out additional advice to schools on the pay progression pathway for classroom teachers, including advisory pay points on the main and upper pay ranges. It asserted that this was to support schools to ensure spending on pay is best directed at addressing recruitment and retention challenges. It reported that, while pay points were removed from the

statutory pay framework in previous pay reforms, a vast majority of schools continued to follow the previous structure of pay points. The Department contended that setting out advice on the pay progression pathway for teachers with advisory points would allow for the creation of a more transparent and coherent pathway for new and existing teachers. It also claimed that this would be supported by moving to a consistent rate of progression between pay points. As set out below in paragraph 2.68, the Department's submission provided options for the pay award in 2020/21 and examples of potential pay structures for 2022/23. These proposed values for six points on the MPR and three points on the UPR, and the 2022/23 pay structures involved the differentials between all points being equalised to around 4.9 per cent. During oral representations, officials told us that the six point MPR and three point UPR structure should be maintained as this was the structure used by most schools and changing this would present implementation challenges.

Consultees' views

- 2.57 All consultees supported the restoration of pay points for the MPR and UPR, but some raised concerns about elements of the Department's proposals. A majority of consultees stated in their written submissions that pay points should be mandatory, rather than advisory. For example, the NASUWT contended that advisory points would not go far enough in providing a clear career pathway for teachers. In their oral session, representatives from Voice told us that the biggest equalities issues for teachers were pay equality and pay parity. They stated that making pay points mandatory and restoring pay portability would prevent disparity and inequality while also helping schools in their financial planning. The NEU stated it sought the restoration of mandatory pay points to ensure transparency and greater fairness for teachers, but also contended that advisory points would be preferable to the current situation. NAHT reported that a survey of its members showed support among school leaders for restoring mandatory national pay scales, with 57 per cent of respondents stating that this would have a positive impact on recruitment and retention. ASCL took a slightly different position from other consultees in its written submissions. It stated that it considered that mandatory minimum pay points should be established, with employers retaining the flexibility to pay above the minimum. ASCL also contended that the Department should provide funding for the assimilation of all teachers and leaders who are currently on lower valued points to the new advisory points level, if these were established. Similarly, NEOST stated that it supported advisory pay points being established but noted that the flexibilities in the pay system have meant that some local authorities are operating with different pay structures. It asserted the STRB would therefore need to consider assimilation costs and practical difficulties in transitioning to a system with nationally set advisory pay points.
- 2.58 Several consultees also addressed the structure of pay points. There was general support for the structure of six points on the MPR and three points on the UPR that had previously been part of the statutory pay framework. The joint union supplementary submission stated that a national pay structure needed to be restored urgently. The supplementary submission provided the joint union advice on pay scales for 2019-20, which set out guidance for schools on levels of pay for six points on the MPR and three points on the UPR, as an example. In its supplementary submission, the NASUWT stated that the Review Body should not adopt any of the models proposed by the Department and contended that the pay structure should retain the differentials between pay points set out in the pay guidance it produced for schools. In contrast, BATOD supported moving toward equalising the gaps between pay points on the MPR, stating that there should be 5 per cent differentials between each pay point on this range. However, in contrast to the Department's proposals, it suggested a larger 10 per cent differential between the MPR maximum and the UPR minimum. During oral representation sessions, we explored consultees' views on the issues they saw as most significant in regard to

the pay point structure. Representatives from Voice told us that it was important that the level of increase at each step was meaningful. NEU representatives told us that they did not necessarily see the current joint union pay points as optimal and that their key concern was the right levels of pay, rather than maintaining the current differentials. However, they also noted that moving away from the current structure would present some implementation challenges. Representatives from the NASUWT emphasised the importance of restoring mandatory pay points to ensure that all teachers received annual pay uplifts. They also urged the STRB to restore the clearly defined career stages for teachers that were in place before the pay system was reformed in 2013.

Classroom teacher pay structure: main and upper pay ranges

The Department's views

- 2.59 The Department's submission stated that, when considering its advice on the pay progression pathway and advisory pay points, the STRB will also want to consider the role of progression to the UPR in the future. It contended that this should include assessing whether a separate range continued to be a valuable feature of the pay structure or whether to simplify the framework through a single classroom teacher pay range. The submission noted that research indicated that there were mixed views at school level about the utility of a separate UPR.
- 2.60 The Department emphasised that schools should be given sufficient time to prepare for the implementation of any significant changes to the operation of the UPR. As a result, it stated that any change to this element of the pay system should not be introduced in September 2020. Instead, it sought initial views from the STRB on the future of the UPR and stated that final proposals should be developed as part of the Review Body's next remit.

Consultees' views

- 2.61 There were mixed views among consultees about the future of the main and upper pay ranges. Several supported continuing to have two separate pay scales for classroom teachers. NEOST reported that a majority of the local authorities that had responded to its consultation wished to retain the UPR. However, it also noted that its stakeholders would welcome more detailed advice on performance standards for UPR teachers and urged the STRB to consider 'stepping down' for those on the UPR. It stated that this should be accompanied by the reintroduction of pay protection for those who are forced to do so through reorganisation. ASCL stated that it supported the retention of separate main and upper pay ranges and reported that this part of the pay system helped to recruit and retain teachers. Its written submissions acknowledged that there were some issues around the use of the MPR and UPR in schools but contended that these were the result of insufficient school funding and an uncompetitive pay framework, rather than problems with the pay structure itself. The NASUWT stated that the UPR should continue to be a separate pay range as it was a crucial element of the pay system which motivated teachers by allowing them to aspire to higher salaries for remaining in the classroom. It asserted that "artificial barriers" are used by schools to prevent progression and that some schools had attempted to link progression to additional responsibilities. In the light of these issues, the NASUWT requested that the STRB recommend new statutory pay guidance about progression to the UPR and responsibilities of UPR teachers and that the Government establish a system to monitor compliance.
- 2.62 Other consultees were of the view that the MPR and UPR should be combined into a single pay range. While BATOD stated in its initial submission that the MPR and UPR should be retained to enable good teachers to be rewarded for their continued work in the classroom, it revised this position in its supplementary submission. BATOD then stated that, on reflection, it supported the MPR and UPR being combined into a single

classroom teacher pay range. It contended that progression on this scale should be “expected and budgeted for” and the rate of progression should be broadly similar to the current pay system. The NEU stated in its submission that it supported the restoration of a single pay spine. It expressed concern that some employers required teachers on the UPR to take on additional responsibilities of the type that should be rewarded by TLRs and contended that this was contributing to teacher retention problems. The NEU stated that it wanted the MPR and UPR to be combined into a single scale and asserted that this scale should have prescribed pay points and that progression up the scale should not be linked to performance.

- 2.63 Other consultees did not take a definitive position on the future of the MPR and UPR. Voice asserted that the UPR no longer served its original purpose and was used inconsistently. It also expressed concern that some schools expected teachers on the UPR to take on additional responsibilities that should be rewarded through a TLR. But, while seeing some merit in merging the main and upper scales to simplify pay progression and to provide a more attractive pay structure, representatives from Voice also told us that changes to the current MPR/UPR system involved risks and could result in unintended consequences. NGA asserted that separate main and upper pay ranges served a valuable purpose in supporting governing bodies to retain experienced teachers. However, it also stated that the same outcomes may be achievable through better pay overall and the appropriate use of teaching and learning responsibilities and retention allowances. NAHT did not provide a view on the MPR and UPR. It stated that the pay structure for the teaching profession as a whole required fundamental strategic reform. NAHT contended that “tinkering” with separate elements of the system had the potential to destabilise the profession and did not provide a position on the specific issues of the future of the MPR and UPR in its written submissions. In their oral sessions, representatives from NAHT told us that they sought a national pay framework that defined teacher roles more clearly to support progression. They also noted they saw some problems with the current system as there was no way for teachers to give up additional responsibilities associated with UPR status.

Affordability

The Department’s views

- 2.64 The Department stated that, in the light of the additional funding announced in the 2019 spending round, it believed that a pay award leading to a 3 per cent increase in the total pay bill per teacher was appropriate for 2020/21. It stated that, at the time of its submission, this was in line with forecast average earnings growth and asserted that this would constitute the biggest sustained uplift to teacher pay ranges since 2005. It stated that, alongside a significant increase in pay for early career teachers, this would allow for above inflation increases for more experienced teachers and school leaders. The Department’s submission also stressed that, alongside increases to teacher pay, the additional funding for 2020-21 was intended to allow schools to invest in other resources and activities and that this should be recognised in the STRB’s recommendations.
- 2.65 In oral representations, officials also told us that it had been their intention to leave some gap between the cost of the teacher pay award and the total national funding available to schools to allow schools flexibility to respond to other priorities, particularly in the light of the “squeeze” on school funding in recent years. They also stated that they were confident that a 3 per cent average per teacher award would be affordable but that a higher award would be difficult for some schools to afford. The Secretary of State noted that there had been a three year funding settlement for schools in the 2019 Spending Round but stated that there was no prospect of additional funding being provided for teacher pay, particularly given the impact of COVID-19 on the economy. He told us in his oral representations that schools had faced a more restrained funding environment

in recent years, which had required them to work more efficiently, including in terms of their workforce. In this context, he considered it important that the budget increase provided schools with some headroom for expenditure on areas other than teacher pay.

Consultees' views

- 2.66 As set out above in paragraph 2.35, several consultees contended that affordability should not be a consideration for the STRB when determining its recommendation on teacher pay. A majority of our consultees also asserted that the Government should 'fully fund' any teacher pay award for 2020/21. The joint submission from ASCL, NAHT, the NEU and Voice stated that the Government must accept responsibility for fully funding the increases required in teachers' pay. This point was reiterated in the individual written submissions from these consultees, which made clear that full funding involved the Government providing schools with further funding for pay increases in addition to the 2019 Spending Round settlement. For example, the NEU stated that the cost of pay increases should be fully and additionally funded by Government and NAHT contended that any pay uplift must be fully funded to ensure that all schools have resources to deliver the pay award. BATOD also asserted that there should be additional Government funding to enable schools to give staff a salary uplift. Similar points were made by the consultees representing local authorities and school governors. NGA noted that its representations to the STRB for a number of successive remits had stated that the teacher pay award must be fully funded. NEOST asserted that the 2020 award must be fully funded by central Government with new money. It also requested that the STRB recommend that any future TPG provided by the Department should include funding for pay uplifts for centrally employed teachers.
- 2.67 The supplementary written submissions and oral representations from consultees addressed the Department's statement that a 3 per cent increase in the total pay bill for teachers was appropriate. The unions representing school leaders strongly opposed the idea that a 3 per cent increase in the teacher pay bill would be affordable for schools in 2020/21. ASCL contended that there was evidence that many schools would not see funding increases sufficient to match a 3 per cent increase in their pay bill, stating that around 25 per cent of primary and 27 per cent of secondary schools will only receive the 1.84 per cent National Funding Formula baseline increase in per-pupil funding. ASCL also provided its analysis of the impact of the Department's three options on four sample schools which showed that the pay bill costs would vary between 2.5 per cent and 4 per cent depending on the staffing structure. NAHT stated that it was not clear that schools would have sufficient fiscal headroom to meet the costs arising from the Department's proposals as a significant proportion would receive an increase of only 1.84 per cent in 2020-21. It asserted that, while the financial impact was hard to predict, this was likely to create very significant challenges for some school leaders and governors. The Department's position was also challenged by some of the unions representing classroom teachers. The NEU contended that there was no basis for the statement that a 3 per cent increase in teacher pay bill was appropriate and this claim was based on the Government's funding policy rather than the needs of the teacher workforce. In oral representations, NEOST told us that most schools had pragmatically budgeted for a 2 per cent increase in teacher pay but that some schools would struggle even with this. The NASUWT asked the STRB to reject the Department's statement that an increase to the teacher pay bill of 3 per cent was appropriate. It stated that, while it accepted that schools will not wish to spend their entire funding increase on teachers' salaries, the Department's modelling was predicated on schools spending only 17.5 per cent of the additional funding for 2020-21 increase on teachers' salaries.

Proposals for STRB recommendations for 2020/21

The Department's views

2.68 The Department's submission presented three options for uplifts to pay and allowance ranges for 2020/21, as set out above in paragraphs 2.45 to 2.46. It stated that its preferred approach would involve increasing the minimum of the MPR by 6.7 per cent to £26,000. The maximum of the MPR and the minima and maxima of all other pay and allowance ranges would be increased by 2.5 per cent. It also proposed values for advisory pay points on the MPR and UPR. These are set out in Table 1 below.

Table 1: Department for Education proposals for 2020/21 pay award to MPR and UPR, including advisory pay points

Advisory pay point	Proposal for 2020/21	2019/20 value	Proposed change (£)	Proposed change (%)
M1 (MPR minimum)	£26,000	£24,373	£1,627	6.7%
M2	£27,820	£26,298	£1,522	5.8%
M3	£29,767	£28,412	£1,355	4.8%
M4	£31,851	£30,599	£1,252	4.1%
M5	£34,081	£33,009	£1,071	3.2%
M6 (MPR maximum)	£36,870	£35,971	£899	2.5%
U1 (UPR minimum)	£38,595	£37,654	£941	2.5%
U2	£40,025	£39,049	£976	2.5%
U3 (UPR maximum)	£41,502	£40,490	£1,012	2.5%

2.69 The Department's submission stated that its previous pay reforms for teachers had been successful in moving away from a system of automatic pay progression and establishing the link between pay and performance appraisal. It asserted that its evaluation of these pay reforms, visits to schools and previous submissions from employer representatives to the STRB showed that head teachers are now more confident with progressing high-performing teachers faster and refusing pay progression in cases of underperformance. The Department stated that, under the further reforms it proposed, it would remain the case that schools are responsible for determining individual teachers' pay and that progression up any advisory pay point framework will be linked to a robust school-level performance appraisal at each point.

2.70 In oral representations, the Secretary of State told us that he was focused on making the teacher pay system as fair and transparent as possible. He stated that his department had undertaken analysis of the equalities impacts of his pay proposals which indicated that they would, on average, favour female, younger, non-white and disabled teachers. He reported that he had decided, on balance, that the benefit of his proposal outweighed any potential risks around equalities and noted that he had asked his officials to closely monitor the impacts of the proposals, if implemented.

Consultees' views

2.71 Consultees provided a range of views about the recommendations the STRB should make for the 2020/21 pay award. The joint submission from ASCL, NAHT, the NEU and Voice called for a significant, above inflation and fully funded uplift to all pay and allowance ranges sufficient to begin to reverse the real-terms cuts to teachers' and school leaders' pay. These unions expanded on this in their individual submissions and provided a number of different specific proposals. ASCL contended that starting pay should rise to £26,000, with all other points in the structure increased proportionately to maintain the current differentials between points. NAHT asserted that there should

be a programme of pay uplifts on a clearly defined timetable to restore the real value of all salaries and allowances to 2010 levels. The NEU stated that an immediate, fully funded and undifferentiated pay increase of at least 7 per cent was required. Voice were of the view that there should be an across the board increase of 5 per cent for all teachers and school leaders. BATOD proposed a 10 per cent award for all teachers. The NASUWT stated that there should be a planned multi-year award with a clear end point to restore the competitiveness of teachers' salaries and that the 2020/21 pay increase should be substantially higher than inflation. NGA and NEOST both proposed that all teachers should receive a 'cost of living' award separate to any performance-related pay progression. NGA also requested that consideration was given to whether additional pay increases over and above the cost of living could be focused on specific recruitment and retention needs in different parts of the country.

Other matters on which consultees' sought recommendations

2.72 In their written submissions, consultees raised a number of broader issues on which they sought recommendations from the STRB or suggested should be reviewed in the future. We have reported most of these points under the relevant sections above, but we have addressed additional points that were raised about the pay system below.

Pay progression linked to performance appraisal

2.73 A majority of consultees expressed strong opposition to teacher pay progression being linked to performance appraisal and called for this link to be removed. The NASUWT asserted that the reforms to the teacher pay system that introduced performance-related pay progression had completely removed the pay and career progression pathway for teachers. The NASUWT stated that its annual pay surveys showed that many teachers did not receive timely pay decisions and were denied pay progression to which they were entitled. It asserted that "a culture of withholding pay from teachers has become embedded in the school system". The NEU's submissions confirmed that it did not support performance-related pay and asserted that many teachers were being denied progression for budgetary reasons. Its supplementary submission provided the findings of its annual pay and progression survey¹⁵. These included that, of the respondents eligible to be considered for pay progression and who knew the outcome of the decision, 6 per cent had been denied progression, with 15 per cent of these explicitly informed that this was due to funding. Voice contended that the introduction of performance-related pay and the associated pay flexibilities had contributed to the current crisis in teacher supply. The NASUWT, the NEU and Voice also suggested that the problems with the current system were illustrated by the fact that several multi-academy trusts (MATs) had now chosen to remove the link between performance and progression in their local pay policies. The unions representing school leaders also confirmed that they now opposed linking pay progression to performance appraisal. The submission from NAHT explained that the organisation had decided to rescind its previous support as progression had been conflated with annual pay uplifts and school budgets have not been sufficient to deliver meaningful performance-based awards. ASCL stated that it did not support performance-related pay as there was no evidence it had improved pupil outcomes but growing evidence that it may have a negative impact on teacher retention and workload. The supplementary submission from ASCL clarified that its position was that employers should have the autonomy to choose whether to continue with performance-related pay or to develop an alternative robust appraisal system that is not linked to pay progression.

¹⁵The NEU's annual survey on teachers' pay and progression was conducted in January 2020. Responses were received from just over 25,000 NEU members.

Equalities impacts of the teacher pay system

2.74 Several consultees provided views on the equalities impact of the current teacher pay system and proposed the STRB should make recommendations to address these. This included some expressing strong concerns that the current teacher pay system was resulting in discriminatory outcomes. The NEU contended that the results of its annual pay progression survey showed that performance-related pay and school level pay discretions are disadvantaging certain groups of teachers with protected characteristics. It stated that the STRB should recommend the publication of much-strengthened statutory guidance to address these issues. The NEU also asserted that establishing a transparent national pay structure by removing the link between performance and progression and school-level flexibility would reduce the possibility of conscious or unconscious bias in pay decisions. The NASUWT stated that performance-related pay has been a key driver of discrimination in the teacher pay system. Its submission referred to a range of academic research and survey evidence and contended that this showed that inequality was embedded in the current system, with particularly negative impacts for female teachers and school leaders and those with Black and Minority Ethnic (BME) backgrounds. The NASUWT stated that, to address these issues, the STRB should recommend that all discretions should be removed from the teachers' pay system as these permitted employers to "discriminate with impunity". ASCL reported that research indicated that performance-related pay resulted in a large gender pay gap and suggested that this element of the teacher pay system would therefore not help to address the imbalance in the representation of female senior leaders in schools.

Leadership pay structure

2.75 Several consultees also called for the STRB to make recommendations about the leadership pay structure, with several calling for the STRB to be set a remit to review this structure. NAHT asserted that it was necessary to conduct a full review the teaching profession's pay structure which concurrently considered the pay structures for classroom teachers and school leaders. It stated that such a review was necessary to identify where urgent action was required in order to resolve the "unfolding crisis" in leadership supply. NAHT proposed specific actions including supporting the retention of deputy and assistant head teachers by protecting their leadership time, codifying the roles of CEOs, executive heads and heads of schools within the STPCD and developing a national pay scale for school business leaders. The NASUWT contended that the STRB should be set a remit to consider the leadership pay framework and the criteria for leadership as an urgent priority. The NEU's submission also urged the STRB to consider the current pay structure for leaders. Both the NASUWT and the NEU stated that such a review should involve incorporating pay for leadership roles such as executive heads and academy CEOs into the STPCD. The NGA's submission expressed concern about some governing bodies' use of flexibilities in the STPCD in relation to leadership pay, suggesting that these should be reviewed.

Other issues

2.76 A number of consultees also asserted that pay portability should be restored. The NASUWT contended that the removal of pay portability had discriminatory impacts, deterred teachers from moving schools and hampered career progression. It requested that the STRB recommend the restoration of pay portability provisions. The joint submission from ASCL, NAHT, the NEU and Voice also called for restoration of pay portability, asserting that this will help to ensure that serving and potential teachers and school leaders know that they will be valued within a fair and transparent pay structure.

2.77 Consultees also raised a range of other matters on which they sought recommendations. The NASUWT's submissions reported that there had been a substantial increase in the use of agency teachers in recent years but that many, despite having Qualified Teacher Status (QTS), were being paid at unqualified teacher rates. It stated that such a "two-tier workforce" was unacceptable and asked the STRB to seek a remit to address these issues with supply teachers. The NASUWT also asserted that excessive 'finders fees' were being charged by teacher supply agencies. It requested that the STRB recommend that the Department take action to prevent such practices. BATOD called for the STRB to recommend a number of changes to teachers' working conditions, including a one day increase to the minimum annual leave entitlement and a two-hour reduction in the standard working week. It also proposed a comprehensive joint national review of the workplace causes of stress and mental health problems throughout local authorities. The NEU urged the STRB to seek a remit on workload, contractual working time and teachers' professional duties. NEOST reported that a majority of its local authority stakeholders thought teacher salary pay protection regulations should be reviewed as these were no longer consistent with arrangements for other school-based employees. However, several consultees responded in their supplementary submissions to state that they were strongly opposed to such a review of salary safeguarding provisions. Some consultees also proposed that elements of the allowance system for teachers should be reviewed. The NASUWT asserted that TLRs are a crucial element of the pay system and asked the Review Body to reaffirm that TLR allowances would continue and to recommend stronger regulation to ensure schools use them appropriately. The NEU contended that there were problems with the current system for special educational needs (SEN) allowances and that this did not reflect the further move toward inclusivity in mainstream education. It stated that it would therefore welcome a further review of the SEN system. Several consultees raised the impact that high housing costs have on teachers and sought action from the STRB to help address this through 'key worker' schemes. NAHT proposed that teachers and school leaders should be formally recognised as key workers and suggested that the benefits of such a scheme could include free rail or bus travel or help to defray high housing costs. The NASUWT's submission addressed the impact of high housing costs on teachers and contended that key workers' housing provision was crucial. The NEU asked the STRB to support it in encouraging the Government to increase the supply of housing available to teachers as key workers.

The STRB's conclusions on consultees' representations on the remit matters

2.78 The STRB has carefully considered all of the representations submitted by our consultees on the remit matters. We have set out below the main conclusions we have reached following our consideration of these representations:

- There was consensus among our consultees that action is required to make starting pay for teachers more competitive to improve teacher supply. There were concerns expressed by some, however, about specific elements of the Department's proposals for starting pay. This included most consultees contending that the smaller relative increases proposed to the starting salaries for teachers in London would have a negative impact on the recruitment and retention of teachers in the capital.
- In contrast, there were stark differences between the Department's position on the pay progression profile for classroom teachers and the positions of consultees. The Department proposed moving toward a flatter pay progression structure and provided details of modelling work that it had undertaken which indicated that this would result in an overall improvement in teacher retention. All other consultees were strongly opposed to flattening the pay structure. Most contended that lower relative pay levels for experienced teachers and school leaders would worsen

retention for these groups and that this would be exacerbated by the targeted awards required to implement this new structure being perceived as unfair and divisive.

- Our consultees unanimously supported the introduction of pay points on the MPR and UPR, on the basis that this would support school leaders and governing bodies to set their school pay policies and provide greater clarity for teachers about pay and career progression. However, the Department stated that these pay points should be advisory so that schools retain autonomy to establish different pay structures in response to local circumstances. Most other consultees contended that pay points should be mandatory as providing schools with flexibility to diverge from these points would reduce the benefits in terms of providing greater clarity and certainty. ASCL took a slightly different position to other consultees, proposing that there should be mandatory minimum pay points which allowed schools to pay more in response to local issues.
- Consultee views on the future of the MPR and UPR were mixed. The NASUWT, NEOST and ASCL stated that separate main and upper pay ranges were an important element of the pay system and should be retained. BATOD and the NEU asserted that combining the MPR and UPR into a single pay range for classroom teachers would result in a more effective pay system. The Department, NAHT, NGA and Voice all provided some views on the pros and cons of the current system and the possible alternatives but did not take a definite position at this time.
- In the remit letter, the Secretary of State instructed the STRB to have regard to affordability across the school system as a whole. The Department contended that a pay award that resulted in an increase in the total per teacher pay bill of 3 per cent was “appropriate” and that any greater pay increase would be difficult for some schools to afford. Several of our consultees asserted that it was inappropriate to ask the Review Body to consider affordability and that we should disregard this proposal. Most also disagreed with the Department’s assessment that schools would be able to afford a 3 per cent increase in the total per teacher pay bill, noting particularly that schools had faced significant financial challenges in recent years, and contended that schools should receive additional money to fully fund any pay award. The NASUWT adopted a different position, stating that a 3 per cent increase in teacher pay would only account for a small proportion of the new funding for schools and that a larger pay increase was affordable.
- There were a range of different proposals presented for the 2020/21 pay award. The Department’s view was that there should be a 6.7 per cent increase to the minimum of the MPR and 2.5 per cent to the MPR maximum and the minima and maxima of all other pay and allowance ranges. All unions representing teachers and school leaders strongly opposed any targeting of uplifts and proposed uniform increases to all pay and allowance ranges. Some put forward proposals for specific levels of uplifts ranging between 5 per cent and 10 per cent, while others stated that the level of increase should be significantly above inflation. The representatives of local authorities and governing bodies stated that there should be a ‘cost of living’ increase separate to any performance appraisal related pay progression but did not propose a specific level of pay increase.
- The Department contended that annual pay progression for all teachers should remain linked to performance appraisal. In contrast, all of the unions representing teachers and school leaders were strongly of the view that the link between performance appraisal and pay progression should be removed as this had negative impacts on the teacher workforce.

CHAPTER 3

Teacher labour market and school finances

- 3.1 We present a summary of the evidence used to inform our recommendations, organised in two sections: analysis of the teacher labour market, and of school funding and finances. In the teacher labour market section, we discuss the wider economic context and present a range of information relating to the school workforce, examining recruitment and retention trends and presenting analyses of pay for teachers and the wider graduate market. While most data relate to England as a whole, some regional analysis with a focus on London is included. In the school funding and finances section we examine the national funding context, as well as school-level funding and finances.
- 3.2 It should be noted that the majority of data presented in this chapter relate to the pre-coronavirus (COVID-19) pandemic period. This particularly applies to statistics relating to the teacher workforce, where the most recent data available cover the year to November 2018. Some of the trends seen may therefore be subject to change and considerable uncertainty as we move forward.

The teacher labour market

Economic context

- 3.3 Each year we consider our recommendations in the context of the current and expected economic climate. As a result of the COVID-19 pandemic, and the measures taken to address it, we expect a sharp and deep economic contraction. There is a very high degree of uncertainty over the extent and duration of the overall impact on the economy.
- 3.4 The size of the UK economy, measured by gross domestic product (GDP), increased by 1.4 per cent between 2018 and 2019, held back by weak global growth and Brexit-related uncertainty. Following the spread of COVID-19, and the measures taken to reduce it, GDP was estimated to have fallen by 2.0 per cent in the first quarter of 2020, the largest quarterly fall since 2008. There was a 5.8 per cent fall in output in March 2020 alone, as lockdown measures were implemented, with widespread monthly declines in output across the services, production, and construction industries.
- 3.5 The Office for Budget Responsibility (OBR) and the Bank of England have both constructed illustrative scenarios to estimate the effects of COVID-19 on the economy.¹ The impact is centred on the second quarter of 2020, with an expected contraction of 25 to 35 per cent in the size of the economy in this quarter. Economic activity is expected to pick up from the third quarter of 2020 as lockdown restrictions are lifted. Overall, the OBR has modelled a contraction of 13 per cent in the size of the economy in 2020, with the Bank suggesting a contraction of 14 per cent. Under these scenarios, the economy regains its pre-recession size by the end of 2021.
- 3.6 Inflation has fallen sharply in recent months, due in large part to the falling global oil price. CPI inflation was 0.8 per cent in April 2020, the lowest for nearly four years. The CPIH inflation rate was 0.9 per cent and the RPI rate was 1.6 per cent in April. Inflation is expected to fall further this year, with the Bank of England predicting that CPI inflation will fall to zero at the end of 2020.
- 3.7 Employment continued to grow to record levels in the first quarter of 2020, with the employment level increasing by 448,000 over the year to March, to reach 33.1 million. The employment rate reached an all-time high of 76.6 per cent.

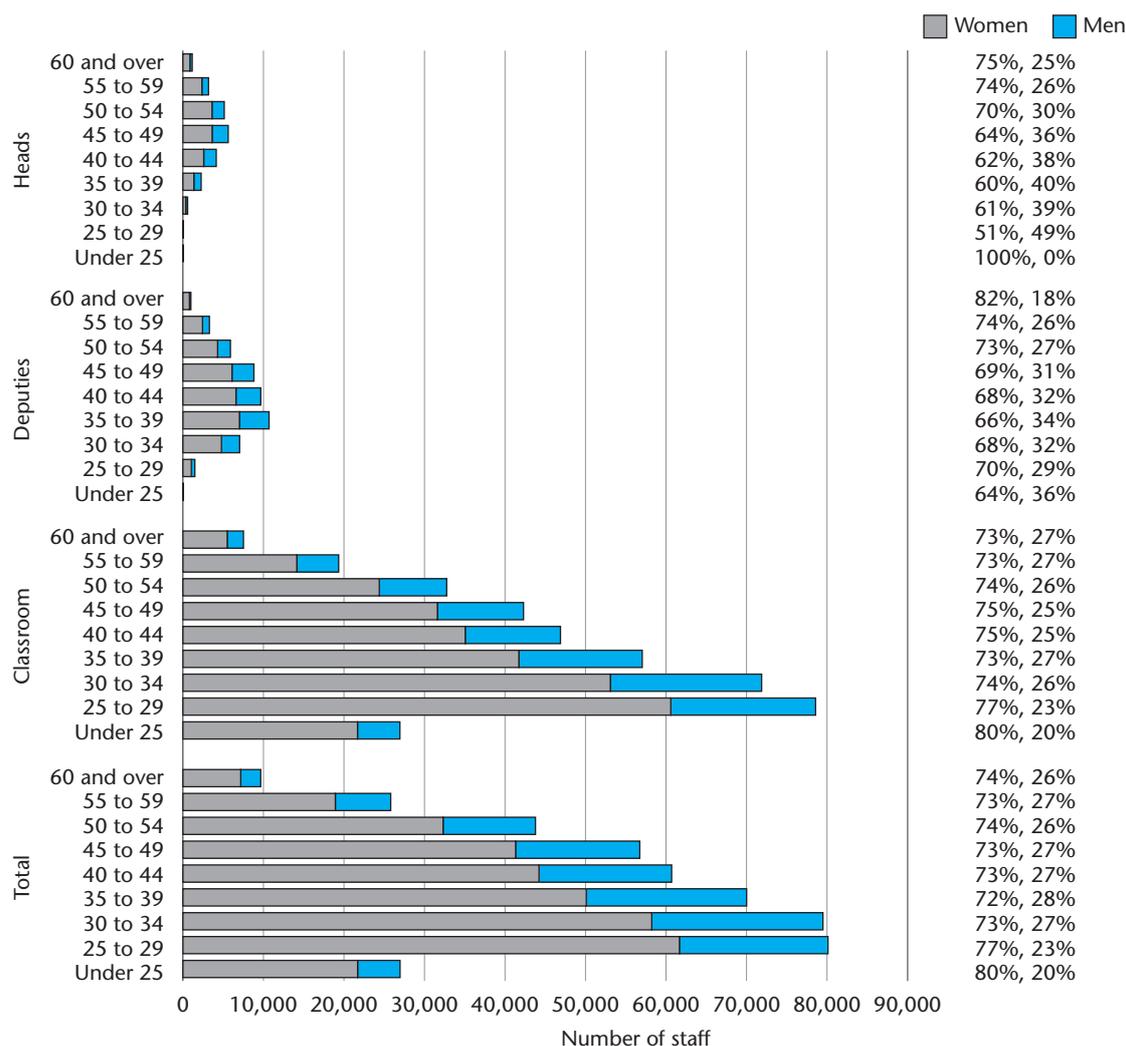
¹ These scenarios are dependent on a number of assumptions about which there is considerable uncertainty.

- 3.8 Short-term indicators suggest that the labour market took a sharp downturn at the end of March. Average weekly hours of work fell from 31.6 to 24.8 in the last two weeks of March. The number of people claiming unemployment-related benefits increased by 856,000 between March and April 2020. HMRC indicated in mid-May that 8 million workers were covered by the Government's COVID-19 job retention scheme, which pays 80 per cent of wages up to £2,500 a month. The Bank of England expects the unemployment rate to rise from 3.9 per cent in the first quarter of 2020 to 9 per cent in the second quarter, which would be the highest rate since 1994.
- 3.9 Whole economy average weekly earnings growth was at 2.4 per cent in the three months to March 2020, while pay settlements were at a median of 2.4 to 2.5 per cent. The impact of the current economic crisis on earnings is hard to predict, especially given the number of furloughed workers. Surveys indicate many employers are likely to postpone decisions on pay awards. Some employers with front-line workers, especially in the retail sector, have paid temporary pay increases, while other companies have cut executive pay during the shutdown to reduce costs. We note the Bank of England's illustrative scenario (taking disruption from COVID-19 into account) estimates that average weekly earnings growth will fall from 3.0 per cent in 2019 to -2.0 per cent during 2020, recovering in 2021.

Teacher numbers and characteristics

- 3.10 This section presents statistics on teacher numbers and their characteristics, such as age and gender. Ethnicity information is also presented for teachers and pupils.
- 3.11 There were 453,411 full-time equivalent (FTE) teachers working in state-funded schools in England in November 2018, an overall increase of 0.3 per cent from November 2017. During the period from November 2017 to 2018:
- FTE nursery and primary teachers rose by 0.5 per cent to 222,143.
 - FTE secondary teachers fell by 0.3 per cent to 203,686.
 - FTE special school teachers rose by 4.1 per cent to 23,719.
 - FTE centrally employed teachers rose by 1.8 per cent to 3,863.
- 3.12 Figure 1 shows the number of teachers by grade, age, and gender across all state-funded schools. Key points are:
- 25 to 34-year olds make up the largest proportions of the total workforce.
 - There are more female teachers than male in state-funded schools. This is true across both primary (85 per cent of the workforce) and secondary schools (63 per cent).
 - The proportion of the workforce made up by men increases with grade/seniority. While men make up 15 per cent of the primary workforce, they account for 18 per cent of deputy/assistant heads and 27 per cent of heads. In the total secondary workforce, men account for 37 per cent overall, and make up 47 per cent of deputy/assistant heads, and 61 per cent of heads.

Figure 1: Numbers of FTE regular qualified and unqualified teachers, split by age and gender, across all state-funded schools. England, November 2018.²



3.13 Table 1 shows the ethnicity of all teachers and pupils of all ages. Ethnicity information is available for 93 per cent of teachers and 99 per cent of pupils. The table shows:

- In 2018, 86 per cent of regular teachers were White British; this compares to 81 per cent of the population in the 2011 census and 67 per cent of school pupils.^{3,4}
- By seniority, head teachers are the least diverse group, followed by deputy/assistant heads. A greater proportion of each group are White British compared to classroom teachers.
- We can also see that a higher proportion of teachers in nursery and primary schools are White British, compared to secondary schools.
- The pupil population is much more diverse than the teacher population, across all school types. For example, while 93 per cent of all heads are White British, only 67 per cent of pupils are.

² OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

³ Office for National Statistics (2018) *Population of England and Wales* – <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/population-of-england-and-wales/latest>

⁴ OME analysis of Department for Education (2019) *Schools, pupils and their characteristics: January 2019* – <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2019>

Table 1: Ethnicity of regular teachers and pupils in state-funded schools, by school type and grade. England, January 2019.^{5,6}

Total state funded schools (%)					
	Heads	Deputies and assistants	Classroom and others	Total	Pupils
<i>White British</i>	92.9	89.7	85.1	85.9	67.0
White	3.6	4.2	5.6	5.5	7.4
Asian	1.5	3.0	4.9	4.6	11.8
Black	1.0	1.6	2.3	2.2	5.8
Mixed	0.8	1.1	1.4	1.3	6.1
Other	0.2	0.4	0.6	0.6	2.0
State funded nursery and primary (%)					
	Heads	Deputies and assistants	Classroom and others	Total	Pupils
<i>White British</i>	93.4	90.7	88.0	88.7	66.0
White	3.3	3.6	4.4	4.2	8.9
Asian	1.4	2.9	4.1	3.8	11.3
Black	0.9	1.4	1.6	1.6	5.6
Mixed	0.7	1.2	1.3	1.2	6.4
Other	0.2	0.4	0.4	0.4	2.0
State funded secondary (%)					
	Heads	Deputies and assistants	Classroom and others	Total	Pupils
<i>White British</i>	91.0	88.5	81.8	82.6	68.1
White	4.8	4.6	6.8	6.7	6.4
Asian	2.0	3.4	5.9	5.5	11.9
Black	1.1	2.0	3.0	2.9	6.1
Mixed	0.9	1.0	1.6	1.5	5.6
Other	0.3	0.5	0.8	0.8	1.9

Pupil numbers

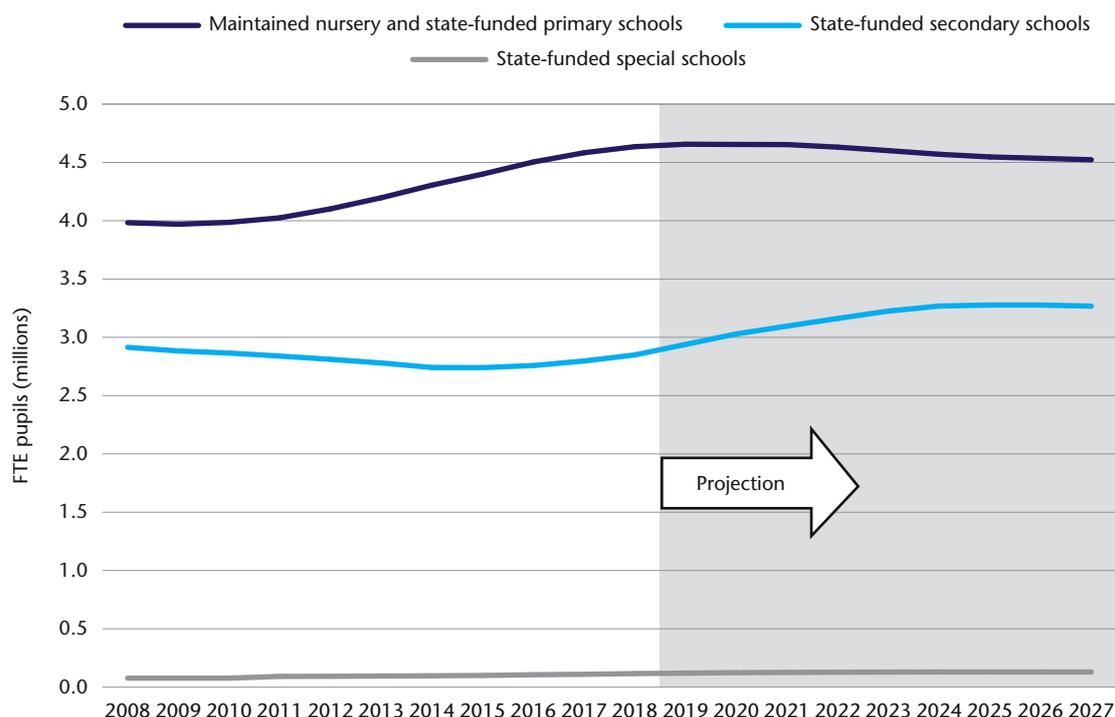
3.14 Pupil numbers do not translate directly into the required number of teachers; they do, however, provide some measure of changes in demand. Figure 2 shows pupil numbers for 2008 to 2018, as well as a projection to 2027. The figure shows:

- The nursery and primary school population has been rising since 2009, reaching 4.6 million in 2018. The population was projected to increase slightly to a peak in 2019, then to gently fall, due to a lower number of births in 2013 onwards.
- The secondary school population (up to and including pupils aged 15) increased to 2.8 million in 2018. It is projected to continue to rise until 2025 to an estimated 3.3 million, an increase of some 15 per cent.

⁵ Includes qualified and unqualified, full-time and part-time teachers, but excludes occasionals (supply teachers that have a contract or service agreement with a school of less than 28 days duration and in school on census day). 'Classroom and others' includes leading practitioners, post-threshold teachers (teachers on the main and upper pay scales that passed the post-threshold standards from 2012 or earlier) and teachers whose grade is unknown.

⁶ OME analysis of Department for Education (2019) *Schools, pupils and their characteristics: January 2019* – <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2019>

Figure 2: FTE pupil numbers up to and including age 15, in state-funded schools. England, January 2008 to 2027 (projection from 2019 to 2027).⁷



Pupil teacher ratios

3.15 Pupil teacher ratios (PTRs) give the number of FTE pupils per FTE teacher.^{8,9} Figure 3 shows PTRs for primary and secondary schools from 2011 to 2018.¹⁰ It highlights a general upward trend, particularly for secondary schools, with PTRs for both phases higher in 2018 than they were in 2011.

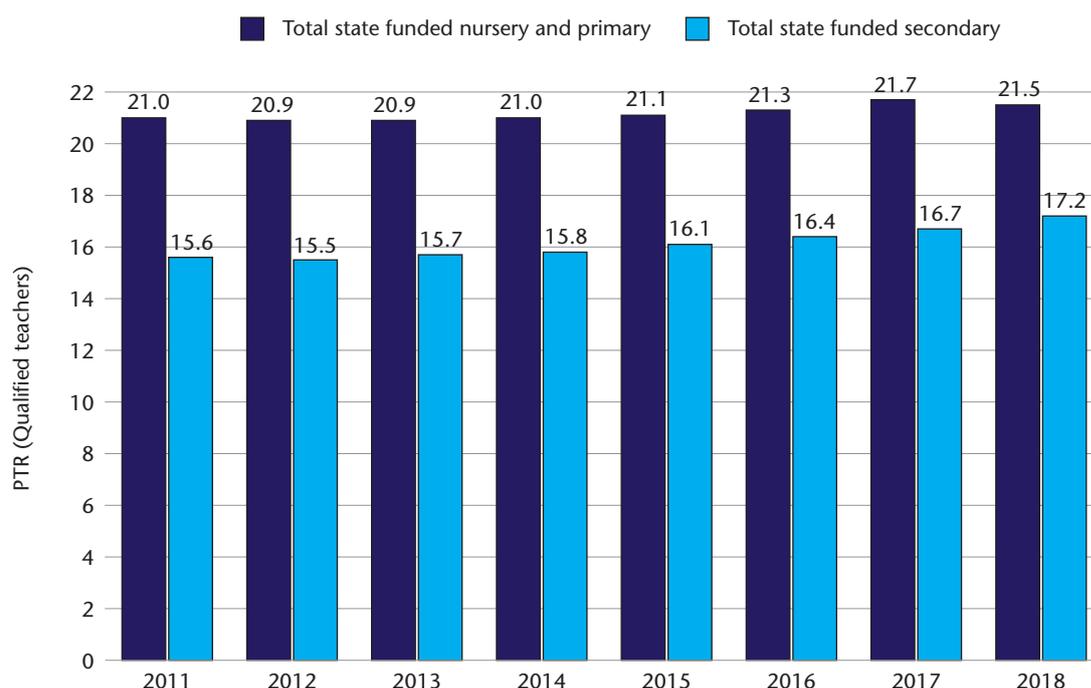
⁷ OME analysis of Department for Education (2019) *National pupil projections: July 2018 (2019 update)* – <https://www.gov.uk/government/statistics/national-pupil-projections-july-2018>

⁸ For statistical purposes only, the School Census regards pupils who do not attend both morning and afternoon at least five days a week as part-time. Each part-time pupil is treated as 0.5 FTE.

⁹ The secondary PTRs include pupils in 16-18 schools where they are classed as a school. For example, 6th form colleges under Further Education funding are not included as they are not part of the school workforce census.

¹⁰ 2011 is the earliest complete year of data in the 2018 School Workforce Census.

Figure 3: Pupil teacher ratios (PTRs) for qualified teachers in state-funded schools. England, 2011 to 2018.¹¹



3.16 Pupil adult ratios (PARs) give the number of FTE pupils per FTE teachers and support staff employed in schools (excluding administrative and clerical staff). Data on PARs show:

- The PAR for all state-funded nursery and primary schools remained stable from 2017 to 2018 at 11.2. This is slightly lower than the rate in 2011 (11.7).
- The PAR for all state-funded secondary schools rose from 11.4 in 2017 to 11.6 in 2018. This is higher than the 2011 rate (10.6).

Teacher flows

3.17 The following paragraphs focus on entrants to, and leavers from, the teacher workforce and our assessment of the state of recruitment and retention in the teacher labour market.

3.18 There were 44,600 FTE qualified new entrants to teaching in state-funded schools in 2018. This includes newly qualified teachers (NQTs), teachers new to the state-funded sector, and those returning to teaching after a break. The overall entrants' rate was 10.3 per cent in 2018, the same as in 2017.¹²

3.19 Leavers are determined as those in service at the start of the year, but who are not in service at the end of the year. The overall leavers' rate was 9.8 per cent in 2018, slightly lower than the 2017 rate of 10.2 per cent. This equates to 42,073 FTE qualified teachers who left teaching in 2018, compared to 44,376 in 2017.

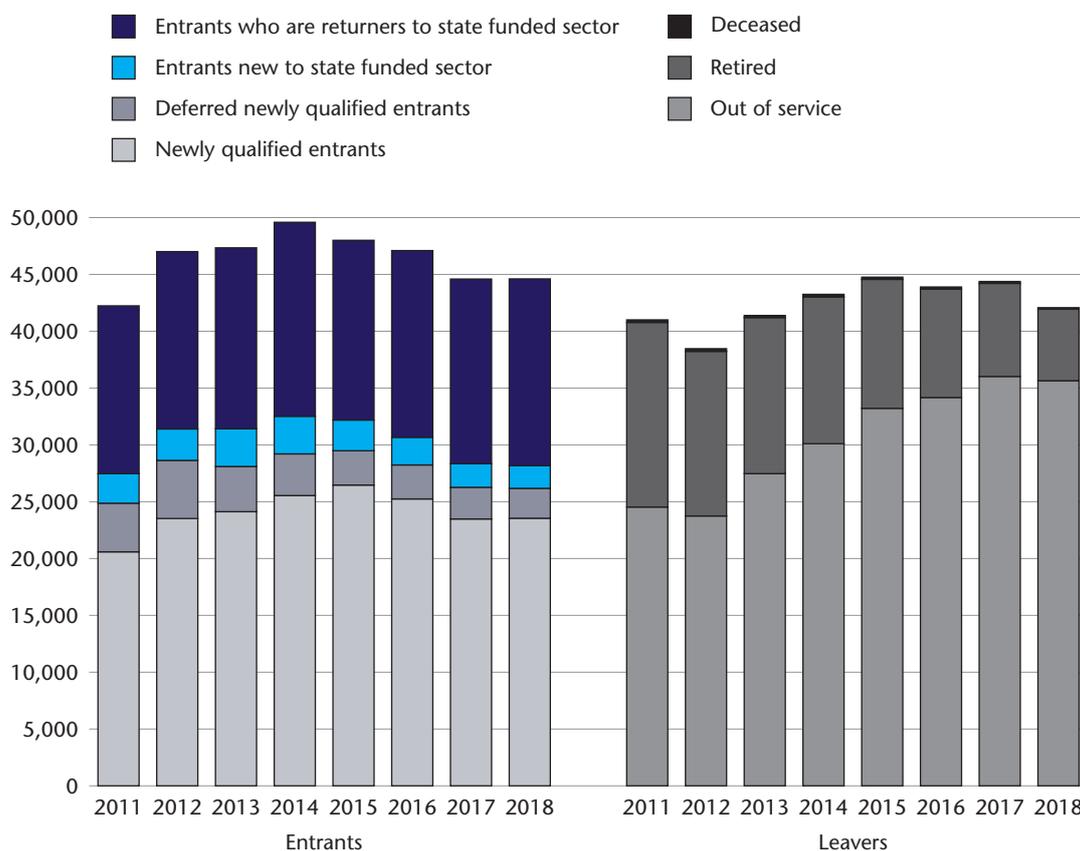
¹¹ OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

¹² OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

3.20 Figure 4 presents a breakdown of those joining and leaving the profession from 2011 to 2018. Figure 5 shows the leaving rates for primary and secondary schools over the same period. The figures show:

- In 2018, just over half of entrants (53 per cent) were NQTs, similar to 2017. In 2018, most leavers (85 per cent) were 'out of service'. This category applies to teachers who are no longer in service in the English state funded schools' sector and not receiving a pension. They may be teaching in further education or higher education sectors, independent schools, outside of England, or may have left teaching entirely.
- The proportion of leavers who retired has fallen from 2011 to 2018. This is consistent with a reduction in the proportion of teachers who were aged 55 or over from 12 per cent in 2011 to 8 per cent in 2018. As the number of older teachers in the workforce has fallen, there are fewer retirements as most retirements are age-related.
- Within the overall leaving rate, there is variation by school type. The leaving rate for primary schools is consistently lower than for secondary schools, 9.3 per cent and 9.9 per cent respectively in 2018.¹³

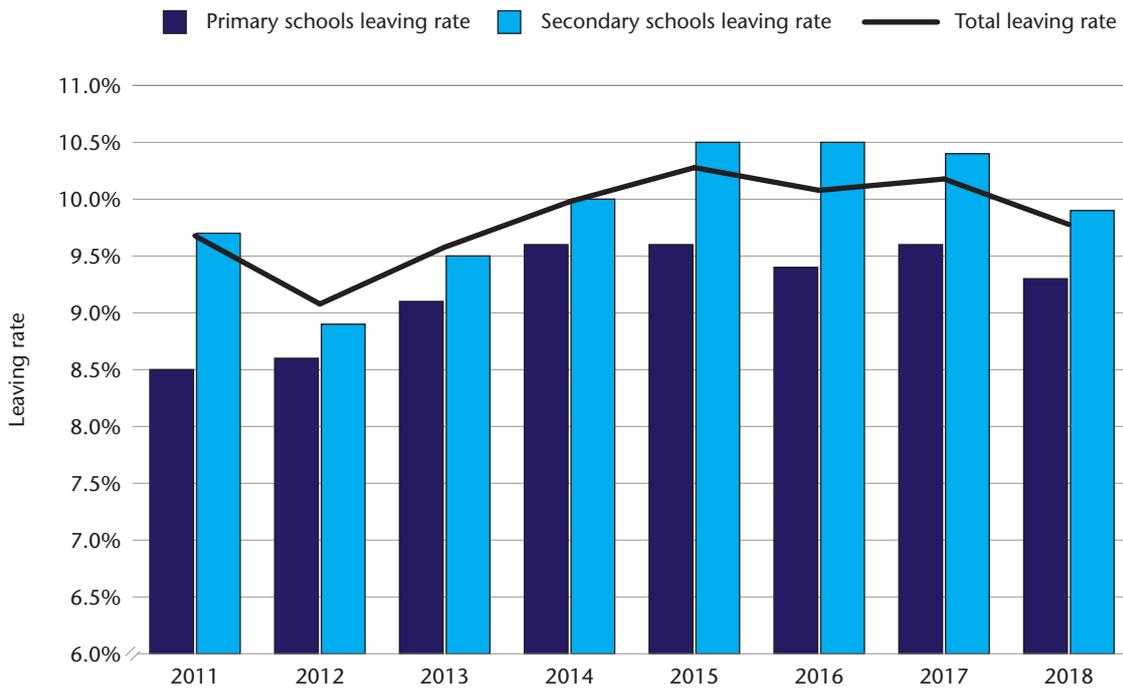
Figure 4: Qualified entrants and leavers to/from teaching in all state-funded schools. England, November 2011 to 2018.¹⁴



¹³The total leavers' rate includes Special Schools and centrally employed teachers.

¹⁴OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

Figure 5: Qualified teacher leaving rates across state-funded schools, by school type. England, November 2011 to 2018.¹⁵

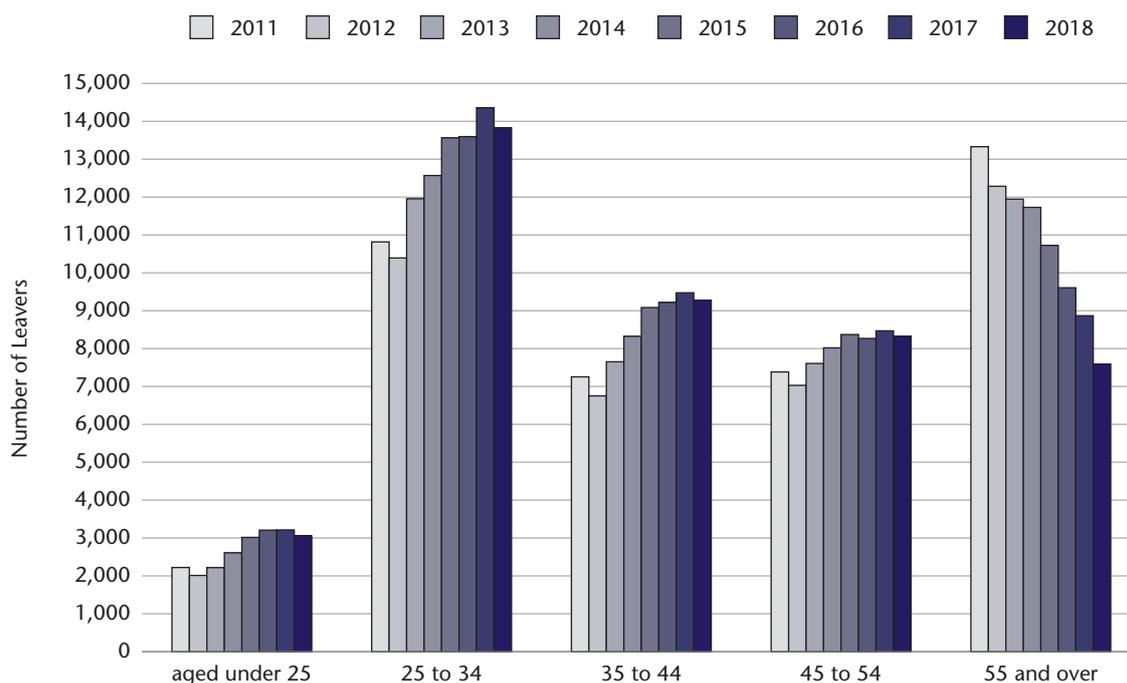


Leaving and wastage rates by age

3.21 Figure 6 presents the absolute numbers of leavers by age on leaving from 2011 to 2018. During this period, the numbers of leavers have increased for all ages, except for those aged 55 and over. An increasing proportion of leavers were young teachers, whereas, consistent with a lower number of older teachers in the profession, a decreasing proportion were aged 55 and over.

¹⁵ OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

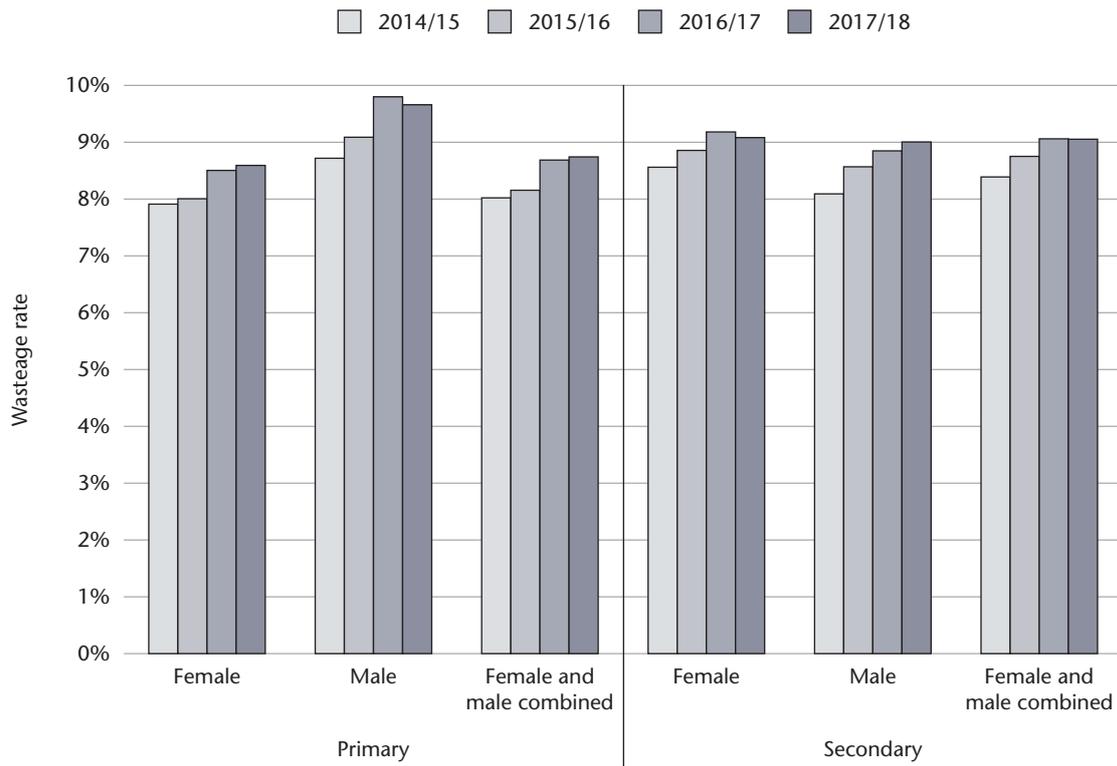
Figure 6: Number of qualified teacher leavers by age on leaving. England, November 2011 to 2018.¹⁶



3.22 In contrast to the previous figure which shows the *absolute numbers* of teacher leavers, *wastage rates* measure the proportion of teachers leaving, measured as a percentage of the relevant teaching stock. Wastage rates *exclude* those leaving through retirement or death in service. Figure 7 shows, from 2014/15 to 2017/18, total wastage rates (including all age groups) are slightly higher for secondary schools compared to primary schools. There is also variation in wastage rates by gender and across school types. From 2014/15 to 2017/18, females have had slightly lower wastage rates than males in primary schools, but higher wastage rates in secondary schools compared to males.

¹⁶ OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

Figure 7: Wastage rates, split by phase and gender, showing the proportion of each category expected to leave as wastage for the year. England, 2014/15 to 2017/18.¹⁷



3.23 Figures 8 and 9 show the wastage rates by age for primary and secondary schools in 2017/18. Across both phases, the highest absolute number of teachers leaving were aged 25 to 34. However, wastage rates are highest for teachers aged under 25.

¹⁷ OME analysis of Department for Education (2019) *Teacher Supply Model 2020/21* – <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2020-to-2021>

Figure 8: Primary teachers leaving as wastage by age, compared to teaching stock (male and female combined), 2017/18.¹⁸

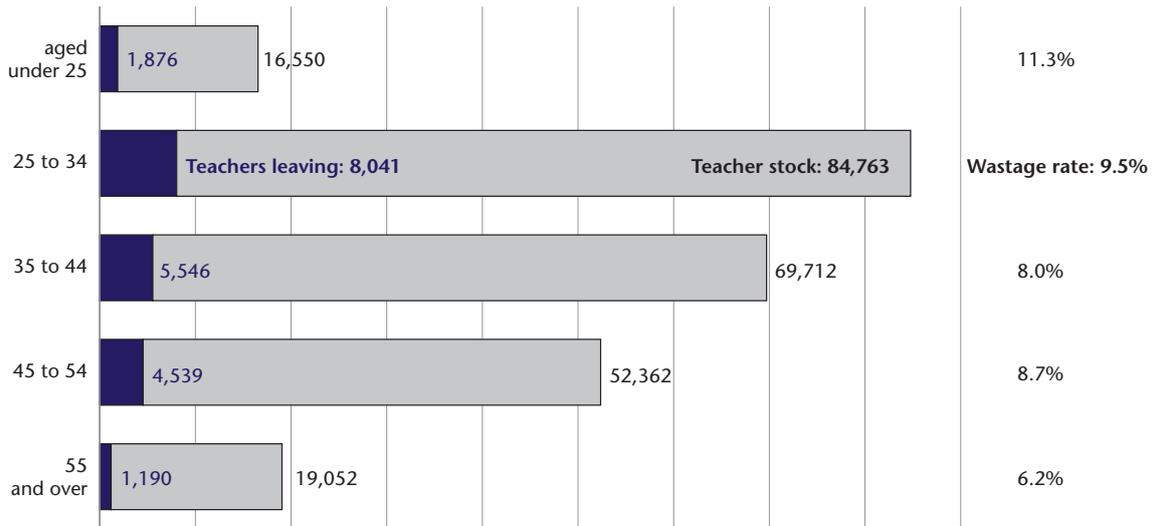
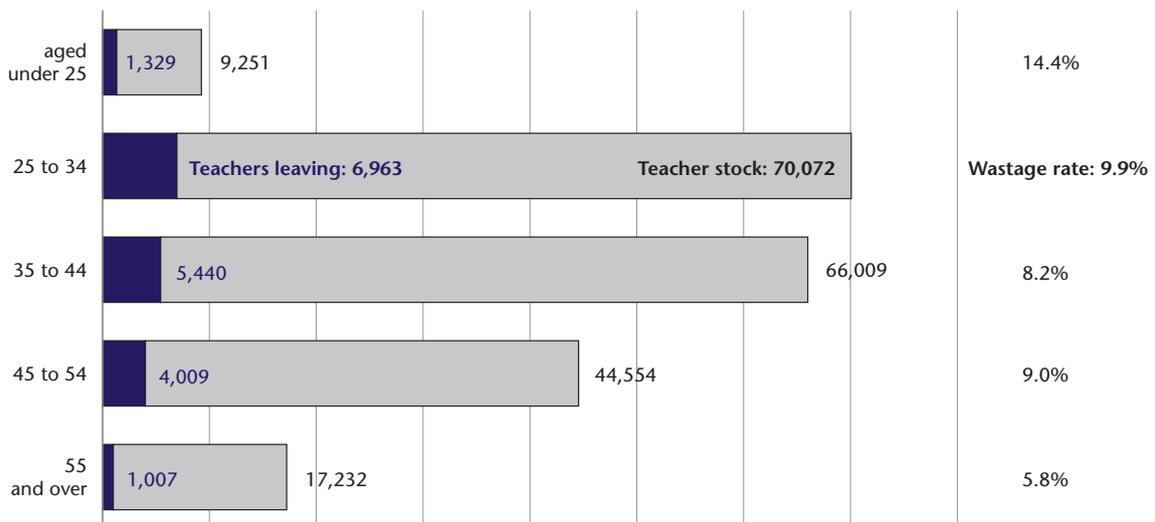


Figure 9: Secondary teachers leaving as wastage by age, compared to teaching stock (male and female combined), 2017/18.¹⁹



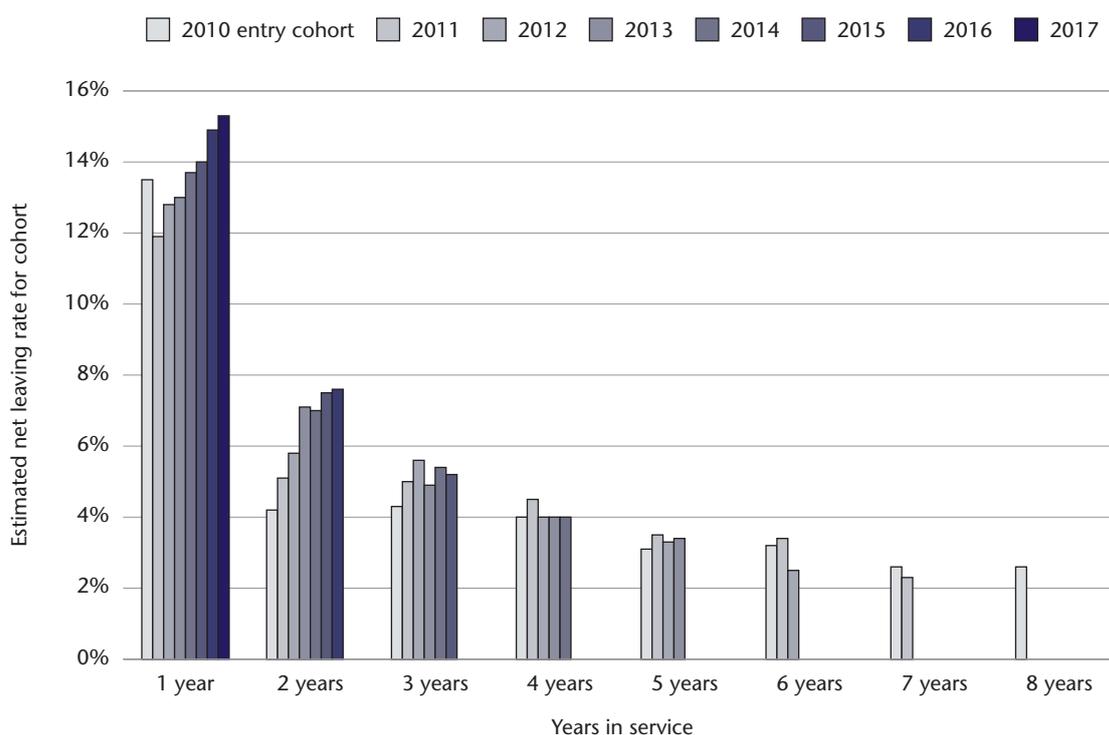
¹⁸ OME analysis of Department for Education (2019) *Teacher Supply Model 2020/21* – <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2020-to-2021>

¹⁹ Ibid.

Leaving rates by length of service

3.24 Figure 10 estimates, for each cohort of new entrants, the percentage of that cohort leaving after each year of service. For example, for the 2010 entry cohort, it shows the percentage of teachers in the cohort who left after one year of service, two years of service, etc. In some cases, a teacher from a given cohort may leave and subsequently return to service; in such cases, they cease being treated as a leaver from the year they are recorded as having returned. In this sense, we are measuring 'net leaving rates'. The net leaving rates for any given cohort decline quickly in the first few years of service and then flatten out. The figure also highlights increases in recent years in the rates after one and two-years' service, while rates in years four and onwards have remained relatively stable.

Figure 10: Estimated net leaving rates at each year of service (full-time and part-time qualified teachers), England, 2010 to 2017.^{20,21}



3.25 Drawing on the underlying data in Figure 10, we note that retention rates have been decreasing in recent years. For example:

- 85 per cent of teachers who joined in 2017 were retained after one year, the corresponding figure for the 2010 cohort was 87 per cent.
- 73 per cent of teachers who joined in 2015 were retained after 3 years, the corresponding figure for the 2010 cohort was 78 per cent.
- 68 per cent of teachers who joined in 2013 were retained after five years, the corresponding figure for the 2010 cohort was 71 per cent.

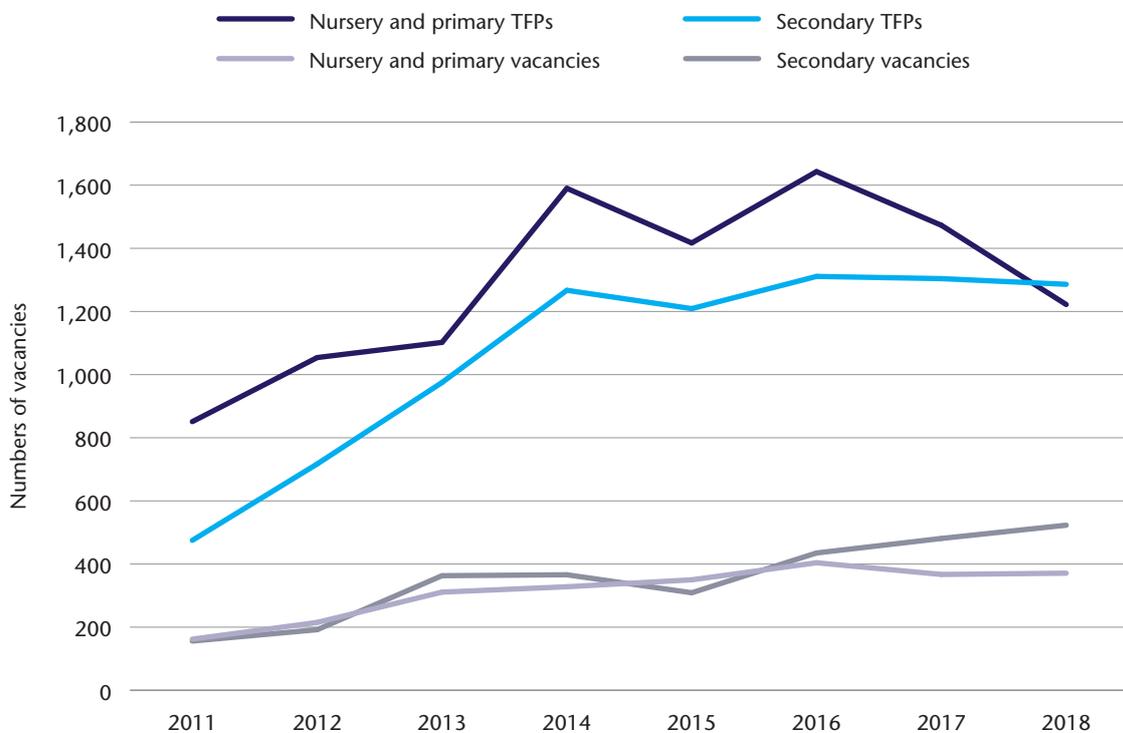
²⁰ OME analysis of Department for Education school workforce data (<https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>). The leaving rates are adapted from published retention rates which take account of returners to the profession.

²¹ Data for 2010 to 2018 inclusive may not match previously published data, due to revisions made by the Department for Education.

Teacher vacancies

- 3.26 In 2018, the full-time teacher vacancy rate across all state-funded schools was 0.3 per cent, the same as 2016 and 2017.²² By grade, the vacancy rate was 0.3 per cent for classroom teachers, and 0.2 per cent for head/deputy/assistant head teachers in 2018. In absolute terms, the number of full-time vacancies across state-funded schools reached 987 in 2018, 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 levelling off (see Figure 11).
- 3.27 Temporarily filled posts (TFPs) are those where a vacancy exists, which is being filled by a teacher on a contract of at least one term but less than a year. The vacancy rate for TFPs across all state-funded schools was 0.8 per cent in 2018, the same as 2017. This equates to 2,777 TFPs in 2018. After peaking in 2016, the number of TFPs has fallen, particularly at primary level (see Figure 11).

Figure 11: Full-time teacher vacancies and temporarily filled posts (TFPs) in state-funded schools. England, 2011 to 2018.²³

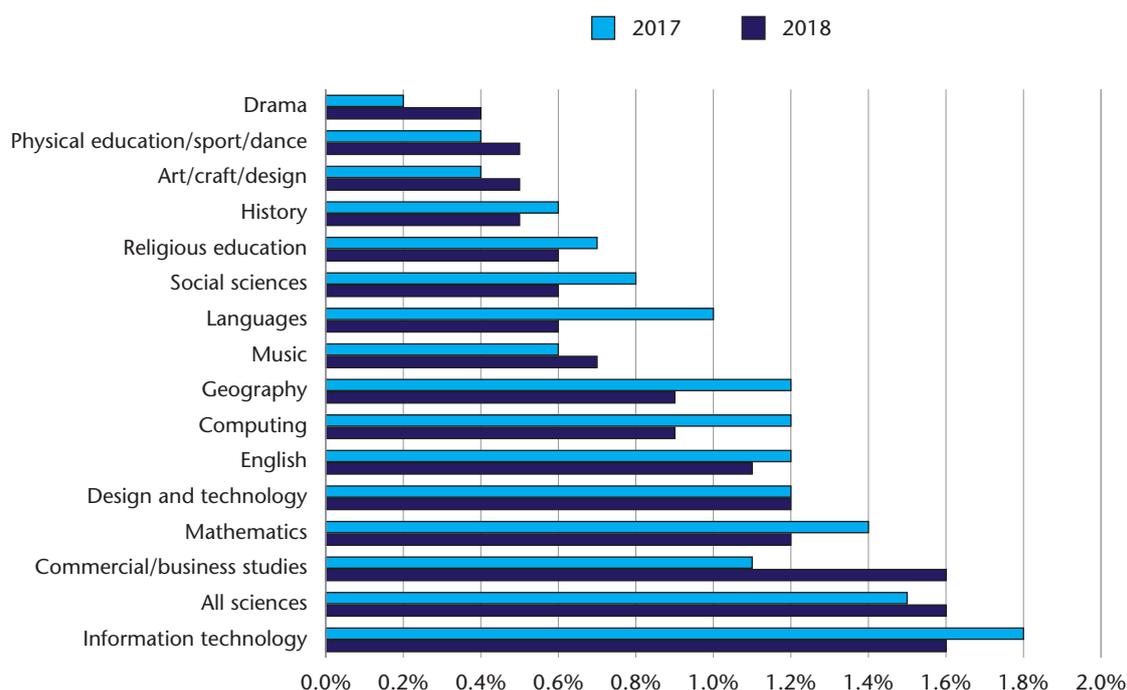


- 3.28 Figure 12 shows full-time vacancy rates (including TFPs) of secondary school subjects for the last two years. All sciences, IT, and maths have some of the highest vacancy rates. The official aggregated vacancy rates should be treated with some caution, as they relate to a specific point in the school year.

²²Vacancies as a percentage of teachers in post. Advertised vacancies for full-time permanent appointments (or appointments of at least one term's duration).

²³OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

Figure 12: Vacancy rate (including TFPs) by main teaching subject, sorted ascending by vacancy rate in 2018. England November 2017 and 2018.^{24,25}



The teacher workforce in London

3.29 This section presents a selection of regional data, with a focus on London. This more detailed analysis highlights some of the key differences in the teacher labour market in London and provides important context for our consideration of increases to the London pay ranges. We examine recruitment and retention trends in London compared to the rest of England, drawing on school workforce statistics and findings from external research, and compare teacher grade distributions in London with the rest of England.

Recruitment and retention trends in London

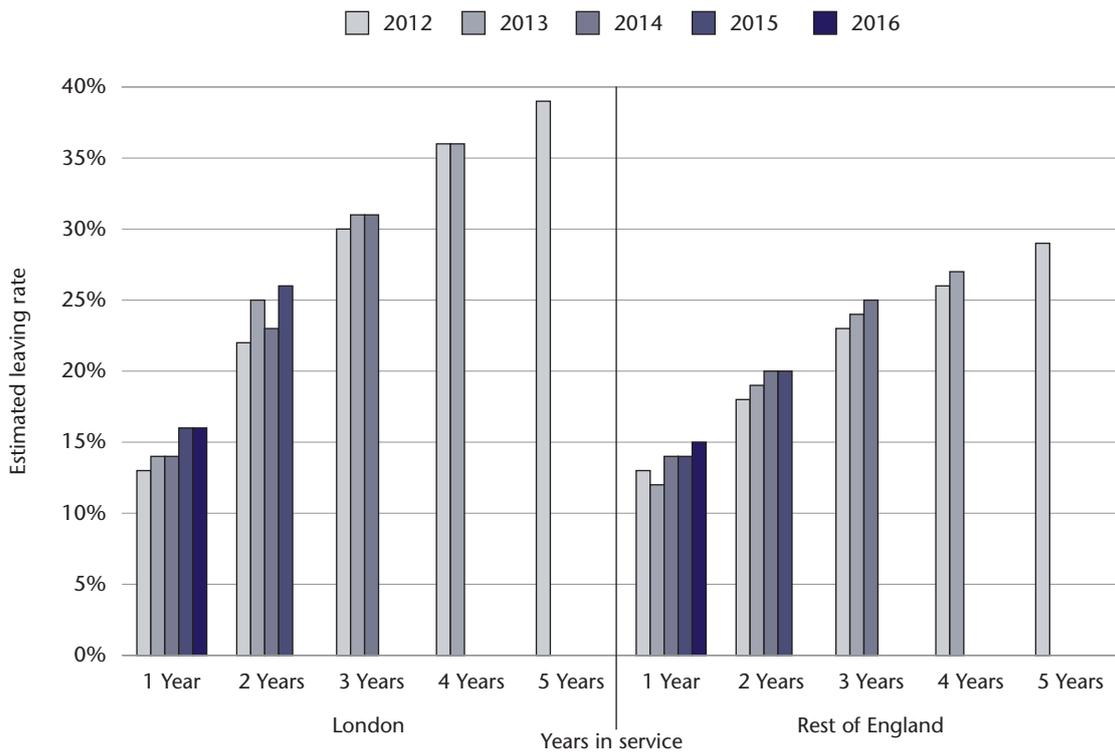
3.30 Figure 13 shows, for NQTs who qualified in 2012 to 2016, their cumulative leaving rates after each year of service, for London and the rest of England. It shows:

- Leaving rates after each year of service were higher in London compared to the rest of England, therefore London retained fewer NQTs after each year of service.
- In London, after one year's service, 16 per cent of its 2016 NQT cohort were no longer in service, in the rest of England 15 per cent were no longer in service.
- In London after five years' service, nearly 40 per cent of its 2012 NQT cohort were no longer in service, whereas 29 per cent of NQTs in the rest of England were no longer in service.

²⁴ OME analysis of Department for Education (2019) *School workforce in England: November 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

²⁵ All sciences includes physics, chemistry, and biology plus other and general science. Excludes computer science.

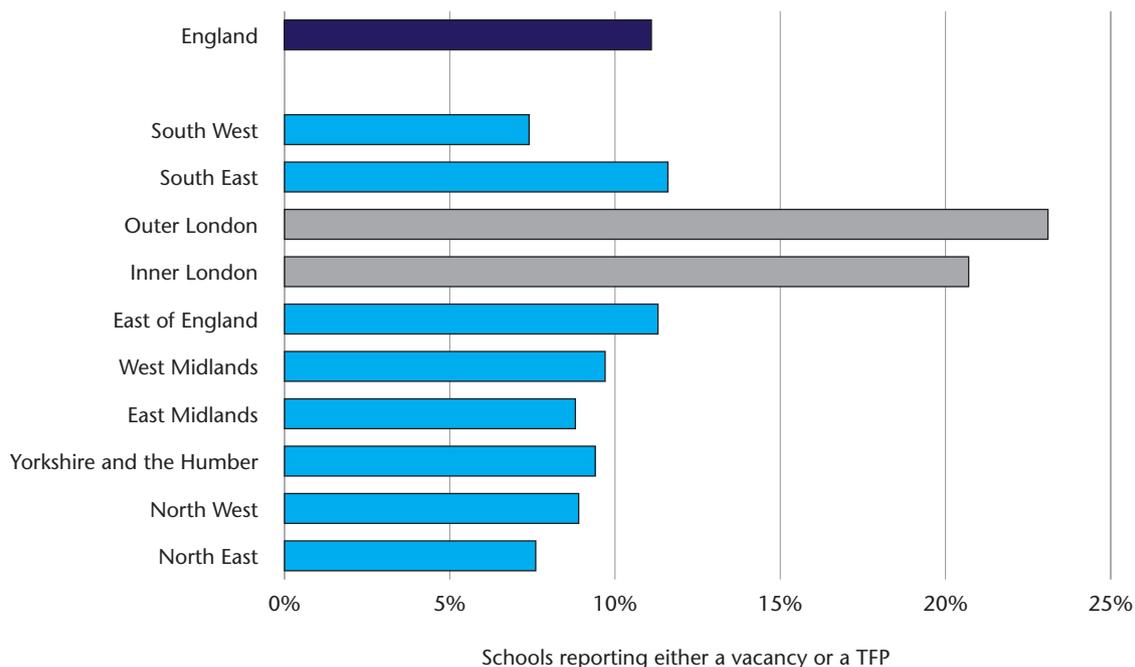
Figure 13: Cumulative net leaving rates after each year of service, for NQTs in London and the rest of England (for NQTs qualified in 2012 to 2017).²⁶



3.31 Figure 14 shows how Outer and Inner London schools are more likely to have a vacancy or TFP compared to other regions. As these data are a November snapshot, it may not be reflective of the whole year.

²⁶ OME analysis of Department for Education (2018) *Teachers analysis compendium 4: tables* – <https://www.gov.uk/government/statistics/teachers-analysis-compendium-4>. The leaving rates are adapted from published retention rates which take account of returners to the profession.

Figure 14: Percentage of schools reporting either a vacancy or a temporarily filled post (TFP), by region, 2018.²⁷



3.32 We now present key findings from research by NFER and the Education Policy Institute (EPI), relating to the London labour market. NFER’s 2018 study on teacher recruitment and retention in London used School Workforce Census (SWC) data from 2011 to 2015.²⁸ It highlighted that London’s teacher labour market faces acute issues in retaining teachers. These issues were likely to be specific to London, rather than being seen across other English cities. The findings were as follows:

- London has a higher rate of young teachers leaving the profession, and a steady outflow of teachers in their thirties and forties leaving to teach elsewhere.
- Across primary and secondary, NQTs who started their career in London in 2011, were the least likely to remain in the profession by 2015. London’s NQTs and middle leaders were also more likely to move to another area to teach.
- A higher proportion of London schools had vacancies or temporarily filled posts compared to elsewhere. London also had a higher proportion of unqualified teachers, compared to other areas, particularly in the secondary phase.
- While London initially attracted younger teachers, the most likely factor driving low retention was found to be higher housing costs, coupled with childcare costs.
- With younger teachers leaving, the leadership pipeline is affected, with a lack of experienced teachers to fill middle leadership positions; middle leaders were more likely to leave the profession in London than in other areas.
- Pupil numbers were forecast to rise more rapidly in London than elsewhere, particularly for secondary schools.

3.33 The EPI’s more recent report, published in 2020, also highlighted issues with the London labour market.²⁹ The key findings were:

²⁷ OME analysis of Department for Education (2019) *Regional, LA and school tables: school workforce census 2018* – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2018>

²⁸ National Foundation For Educational Research (2018) *Teacher Supply, Retention and Mobility in London* – <https://www.nfer.ac.uk/teacher-supply-retention-and-mobility-in-london/>

²⁹ Education Policy Institute (2020) *Teacher shortages in England: analysis and pay options* – <https://epi.org.uk/publications-and-research/teacher-shortages-in-england-analysis-and-pay-options/>

- There is a greater proportion of unqualified teachers in London than in the rest of England.
- While disadvantaged schools across England are more likely to report a vacancy or temporarily filled post, this is most pronounced in London.
- Evidence suggested that London schools “are giving slightly higher priority to paying early career teachers more in science, maths and English”.
- A longstanding ‘poverty pay premium’ of around £1,500 was found for teachers in the most disadvantaged schools in London.

Grade distributions by region

3.34 Table 2 shows the distribution of FTE teachers across the pay ranges.³⁰ Inner and Outer London have the highest percentages of teachers on the MPR; they therefore have proportionally fewer more experienced teachers than other regions.

Table 2: Distribution of FTE qualified teachers across pay ranges, 2018.³¹

	Rest of England	London Fringe	Outer London	Inner London
Main pay range	39%	44%	47%	48%
Upper pay range	45%	40%	38%	35%
Leadership pay range	16%	16%	15%	17%
Total	100%	100%	100%	100%

3.35 Outer and Inner London have the highest proportions of unqualified teachers, at 7.9 per cent and 7.3 per cent respectively. These proportions are much higher than the England-wide figure of 4.7 per cent.

3.36 Outer and Inner London also have a higher percentage of qualified classroom teachers receiving an allowance compared to other regions, at 40 and 44 per cent. The corresponding figure for the rest of England is 36 per cent. TLR payments are the most widely used form of allowance, with London schools using these payments, as well as recruitment and retention payments most often. This pattern has been stable since 2010. The competitiveness of the teacher labour market in London may drive this higher use of allowances.³²

Initial teacher training (ITT) in 2019/20

3.37 This section presents information on undergraduate and postgraduate entrants to initial teacher training (ITT) and includes data relating to entrants’ characteristics and delivery against recruitment targets.

3.38 The Teacher Supply Model (TSM) provides an annual estimate of the number of postgraduate ITT places needed to provide enough NQTs for the state-funded teaching sector. This results in ITT recruitment targets for both the primary phase and for secondary subjects.^{33,34} Published in October 2018, the 2019/20 TSM estimated how

³⁰ Teachers are allocated to a pay range based on their FTE salary. Those allocated to the UPR may include some teachers who are actually on the leading practitioner pay range.

³¹ OME analysis of unpublished Department for Education data.

³² Department for Education (2020) *Evidence to the STRB: 2020 pay award for school staff* – <https://www.gov.uk/government/publications/evidence-to-the-strb-2020-pay-award-for-school-staff>

³³ In addition to postgraduate trainees, the model also accounts for entry via other routes, such as undergraduate ITT, returning to the state-funded sector, or previously qualified teachers new to the state-funded sector.

³⁴ Department for Education (2018) *TSM and initial teacher training allocations 2019 to 2020* – <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2019-to-2020>

many postgraduate ITT entrants were needed for ITT courses starting in autumn 2019. These entrants are then expected to become qualified teachers entering the teaching profession in 2020/21.

- 3.39 In total there were 34,543 new entrants to ITT in 2019/20, compared to 34,244 in 2018/19.³⁵ Of this overall total:
- There were 29,580 new entrants to postgraduate ITT, in 2019/20, a 1 per cent increase from 2018/19.
 - There were 4,963 new entrants to undergraduate ITT in 2019/20, 1 per cent lower than 2018/19.

Entrants' characteristics

- 3.40 The broad characteristics of ITT entrants are shown in Table 3. Postgraduate entrants tend to be older, and more diverse than undergraduate entrants.
- 3.41 Young graduates form the largest component of each cohort of NQTs, with 90 per cent of undergraduate entrants aged under 25, and 50 per cent of postgraduate entrants under 25. In this context, we note that the typical graduate-age population is forecast to shrink over coming years, with a projected decrease of 5 per cent in the number of 21-year olds between 2020 and 2024.³⁶

Table 3: Characteristics of postgraduate new ITT entrants. England, academic year 2019/20 (provisional data).^{37,38}

	Postgraduate	Undergraduate
Male	30%	14%
Female	70%	86%
Minority ethnic group	19%	12%
Non-minority ethnic group	81%	88%
Declared disability	12%	13%
No disability declared	88%	87%
Mean age	28	20
Median age	24	19

ITT performance against targets

- 3.42 89 per cent of the overall postgraduate ITT target was met in 2019/20. The overall target has not been met since 2011/12, making 2019/20 the eighth successive year in which this target has been missed. 85 per cent of the secondary target was achieved, the seventh consecutive year the secondary target has been missed. 96 per cent of the primary target was met. Table 4 sets out the number of ITT recruits and target figures for the primary and secondary phases over recent years.

³⁵ OME analysis of Department for Education (2019) *Initial teacher training: trainee number census 2019 to 2020* – <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2019-to-2020>. Data for 2019/20 is provisional.

³⁶ OME analysis of Office for National Statistics (2019) *Zippered population projections data files, England* – <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/z3zipperedpopulationprojectionsdatafilesengland>

³⁷ OME analysis of Department for Education (2019) *Initial teacher training: trainee number census 2019 to 2020* – <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2019-to-2020>. Data for 2019/20 is provisional.

³⁸ Minority ethnic includes the following ethnicities: Black or black British – Caribbean; Black or black British – African; Other black background; Asian or Asian British – Indian; Asian or Asian British – Pakistani; Asian or Asian British – Bangladeshi; Chinese; Other Asian background; Mixed; Arab and Other ethnic background.

Table 4: Postgraduate ITT new entrants and targets, 2014/15 to 2019/20.³⁹

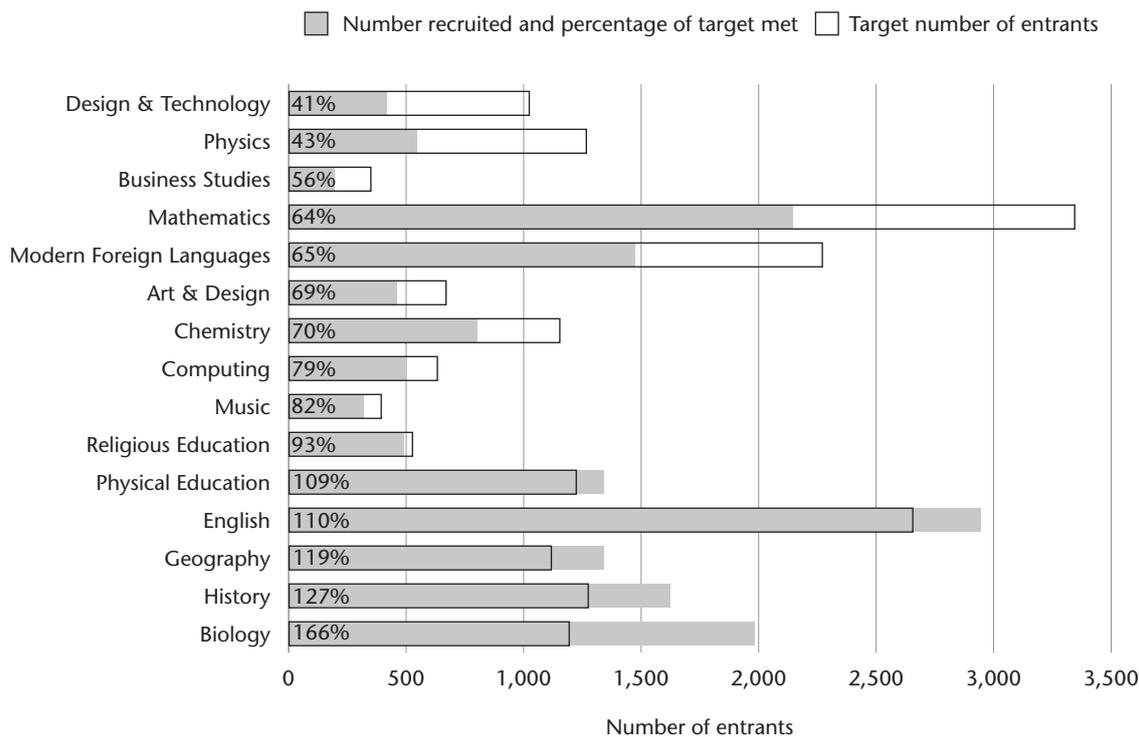
Target	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total	25,753	27,761	26,749	27,146	29,215	29,580
Total TSM target	28,194	29,787	29,176	30,847	32,226	33,090
<i>Percentage of target at census date</i>	91%	93%	92%	88%	91%	89%
Primary	12,782	12,578	11,288	12,500	12,888	12,482
Primary target	14,328	11,245	11,489	12,121	12,552	13,003
<i>Percentage of Primary target</i>	89%	112%	98%	103%	103%	96%
Secondary	12,971	15,183	15,461	14,646	16,327	17,098
Secondary target	13,866	18,541	17,688	18,726	19,674	20,087
<i>Percentage of Secondary target</i>	94%	82%	87%	78%	83%	85%

3.43 Figure 15 focuses on the 2019/20 year and shows the absolute numbers of trainees and target numbers, as well as the percentage of the target met by subject. The chart highlights the relative importance of key subjects in numeric terms, e.g. science, maths and English collectively account for almost half of the secondary ITT target. It also shows how subjects with a similar percentage performance against target can differ in the absolute numbers of trainees they were short by. For example:

- Maths and modern foreign languages (MFL) both missed their target numbers by similar percentages: 36 and 35 per cent.
- This equates to a 1,198 shortfall for maths and a 796 shortfall for MFL.

³⁹ OME analysis of Department for Education (2019) *Initial teacher training: trainee number census 2019 to 2020* – <https://www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2019-to-2020>. Data for 2019/20 is provisional.

Figure 15: Subjects' target number of entrants versus the number recruited, in 2019/20. Subjects are sorted in order of their contribution to targets, which is shown in the grey bars.⁴⁰

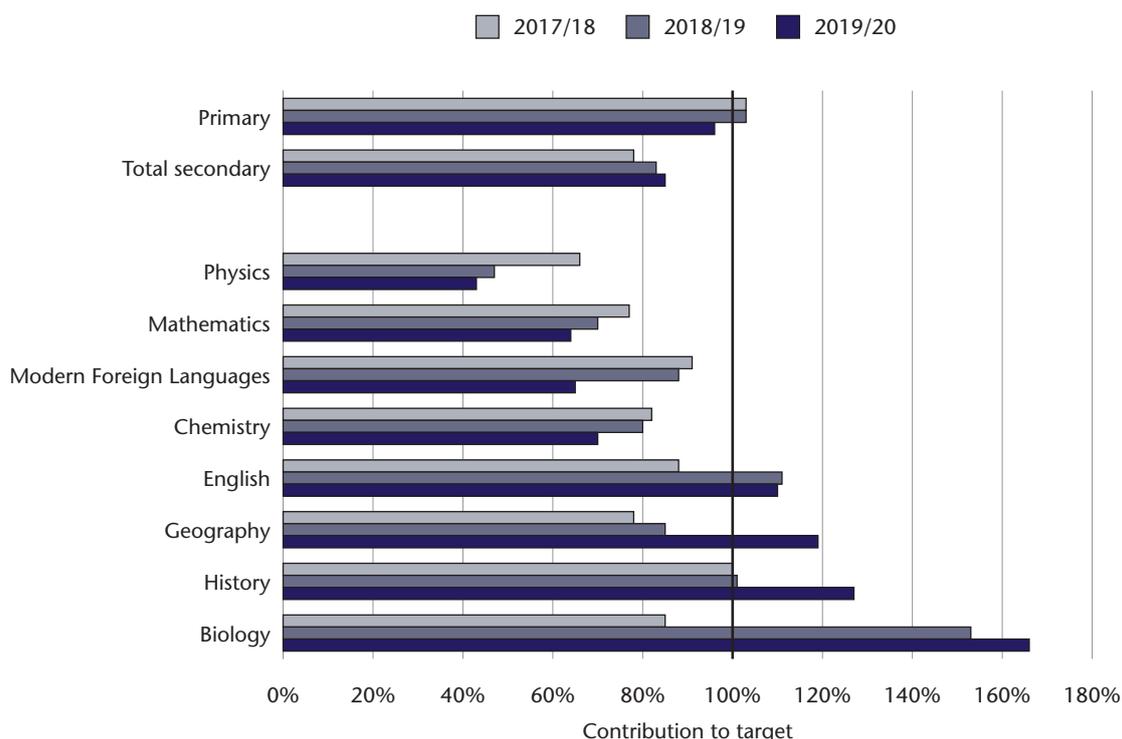


3.44 There were large differences in the percentage of TSM target met by subject in 2019/20. Teacher recruitment exceeded the TSM targets for some subjects (biology, history, geography, physical education, and English) but recruitment was below target in all other subjects. Figure 16 shows recruitment levels against targets for English Baccalaureate (EBacc) subjects in recent years, as well as for primary and secondary schools overall.⁴¹ In overall terms, performance has been higher against the primary target than against the secondary target from 2017/18 to 2019/20.

⁴⁰ OME analysis of Department for Education (2019) *TSM and initial teacher training allocations: 2020 to 2021* – <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2020-to-2021>

⁴¹ Further information about EBacc subjects is available here: <https://www.gov.uk/government/publications/english-baccalaureate-ebacc/english-baccalaureate-ebacc>

Figure 16: Postgraduate ITT contribution to targets by selected EBacc subjects, and secondary/primary totals, 2017/18 to 2019/20. Subjects are sorted in order of contribution to targets in 2019/20.⁴²



- 3.45 Looking ahead, the 2020/21 TSM estimates for postgraduate trainees on ITT courses show 1,536 (12 per cent) fewer primary trainees needed, and 602 (3 per cent) fewer secondary trainees needed. However, this decrease is not uniform across subjects, with some seeing percentage increases. The three subjects with largest increases in trainee numbers are modern foreign languages, physics and business studies. The three subjects with the largest decreases are history, English and geography.⁴³ There are several reasons for the overall decrease in the number of postgraduate trainees needed in 2020/21, including more undergraduate trainees (reducing the need for postgraduate trainees) and pupil projections having a slight downward impact on primary requirements.
- 3.46 Based on data published by the Universities and Colleges Admissions Service (UCAS), applications had been received from 30,610 applicants in England for teacher training commencing in autumn 2020 (recorded at 18 May). This is 4.2 per cent higher than the corresponding figure in the previous annual cycle (29,370).⁴⁴

⁴²OME analysis of Department for Education (2019) *TSM and initial teacher training allocations: 2020 to 2021* – <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2020-to-2021>

⁴³OME analysis of Department for Education (2019) *Teacher supply model: 2020 to 2021* – <https://www.gov.uk/government/statistics/tsm-and-initial-teacher-training-allocations-2020-to-2021>

⁴⁴These data are drawn from UCAS teacher training statistical releases: <https://www.ucas.com/data-and-analysis/ucas-teacher-training-statistical-releases>

Overseas teachers awarded qualified teacher status (QTS)

3.47 In addition to trainee teachers, there are existing teachers from overseas who can be awarded qualified teacher status (QTS) without ITT, given their previous experience. This is possible for two groups of overseas trained teachers (OTTs):

- Those fully qualified in the European Economic Area (EEA), including Switzerland. There were 3,103 QTS awards from this group in the year ending March 2019. This represents a 12 per cent decrease from 2017/18, with numbers having decreased each year since 2015/16.⁴⁵
- Since 2012, those fully qualified in Australia, Canada, New Zealand and the United States. There were 1,530 QTS awards from this group for the year ending March 2019. This represents a 4 per cent increase from 2017/18, although falls below a recent peak of 2,031 in 2015/16.

3.48 Outside of these two groups, experienced teachers from overseas can teach unqualified in maintained schools for a four-year grace period while they achieve QTS by another route.

The graduate labour market

3.49 The following paragraphs focus on the graduate labour market, examining information on recruitment, starting pay and patterns of pay progression.⁴⁶

3.50 Table 5 compares median graduate starting salaries, as recorded by the Institute of Student Employers (ISE) and High Fliers, with teachers' minimum starting salaries. It shows that the minimum salary for teachers outside London generally falls considerably below the two graduate comparators, whereas teachers' starting pay in Inner London is more competitive. It should be noted that High Fliers' and ISE both point to a relatively high concentration of graduate jobs in London and the South East.

Table 5: Graduate starting salaries compared to teachers' minimum starting salaries, 2014 to 2019.

Source	2014	2015	2016	2017	2018	2019
ISE	£27,000	£27,000	£27,500	£28,000	£28,250	£29,000
High Fliers	£29,500	£30,000	£30,000	£30,000	£30,000	£30,000
Teachers (National)	£22,023	£22,244	£22,467	£22,917	£23,720	£24,373
Teachers (Inner London)	£27,543	£27,819	£28,098	£28,660	£29,664	£30,480
Teachers (Fringe)	£23,082	£23,313	£23,547	£24,018	£24,859	£25,543

3.51 ISE provided us with a regional breakdown of salaries, see Table 6 (note that salaries for some regions are based on a relatively small number of organisations). The regional data show:

- Median starting pay in London (£30,500) is at least £4,000 higher than any other UK region.
- Median starting pay in other English regions spans a fairly narrow range (£25,000 to £26,500).

⁴⁵Teaching Regulation Agency (2019) *Annual report and accounts, 2018 to 2019* – <https://www.gov.uk/government/publications/teaching-regulation-agency-annual-report-and-accounts-2018-to-2019>

⁴⁶Data from the Higher Education Statistics Agency (HESA) is not used this year as HESA has implemented new methodology for its graduate survey, which means that 2017/18 data are not currently available.

Table 6: Median graduate salaries by region, ISE, 2019.⁴⁷

Region	Median starting salary offered ¹	Weighted median salary ²	Number of responses region
London	£30,500	£30,027	49
South East	£26,500	£27,750	26
East of England	£26,387	£25,637	19
Yorkshire and Humberside	£26,000	£23,000	22
West Midlands	£25,779	£24,661	28
East Midlands	£25,558	£23,875	22
Wales	£25,558	£25,208	14
South West	£25,500	£24,750	25
North West	£25,000	£24,637	29
North East	£25,000	£24,827	20
Scotland	£25,000	£23,750	23
Northern Ireland	£23,000	£19,366	11

¹ Median by organisation count

² Median by graduate count

3.52 ISE's Annual Student Recruitment Survey 2019 is based on a sample of 153 employers, reporting 37,389 student hires.⁴⁸ These hires were made up of 21,877 graduates, 6,218 non-graduates, 6,734 interns and 2,560 placement students. The survey fieldwork took place in summer 2019. Key points were:

- Graduates were a major source of entry-level talent, with 98 per cent of firms hiring graduates in 2018/19. Internships and placements were key pathways into graduate jobs. Just under half of interns and placement students were recruited into graduate positions in subsequent years
- Companies reported difficulties filling some technical and STEM-related roles and thought these difficulties would persist over the next five years.
- Economic recession and Brexit were also reasons employers gave for potentially recruiting fewer graduates over the next five years.
- Over half of graduates (56 per cent) were recruited to work in London or the South East. Almost half of companies reported varying the salary by region, with London pay higher than elsewhere.
- The median starting salary for 2018/19 across all sectors was £29,000. Median salaries varied by sector, ranging from £40,000 in the legal sector to £25,000 in the charity and public sectors.
- Most companies included a pension scheme, and just over half included private healthcare.
- On average, companies were giving a higher priority to ensuring a diverse workforce compared to last year.

⁴⁷ OME analysis of unpublished ISE data.

⁴⁸ Institute of Student Employers (2019) *Inside student recruitment 2019*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>

- 3.53 In a follow-up survey in January 2020, ISE reported that its members had revised down their previous projections for growth in graduate recruitment, suggesting that the graduate market was experiencing a slowdown which had “more to do with issues of demand (employers’ willingness to recruit) than it does supply (students’ skills and capabilities of taking up these roles)”.⁴⁹
- 3.54 High Fliers’ 2020 study covers graduate vacancy and starting salary data for 100 major graduate employers in the UK. The fieldwork took place in December 2019 and sought information relating to the 2019/20 recruitment round.⁵⁰ The key points were:
- Despite economic uncertainty, and in contrast to ISE’s January survey, many employers were expecting to maintain or increase their graduate recruitment targets for 2020, although this varied by industry/sector.
 - Overall, graduate recruitment at the country’s leading employers was expected to rise by a further 3.3 per cent in 2020.
 - The median graduate starting salary was expected to be £30,000 in 2020, unchanged since 2015. The range of salaries expected in 2020 was £19,800 to £60,000. The highest starting salaries offered were from investment banks, consulting firms, law firms, and oil and energy companies.
 - High Fliers noted that the median graduate starting salary had not kept pace with inflation since 2010; if it had, it would now be around £37,400.
- 3.55 ISE conducted a further survey in mid-March 2020, looking at the impact of COVID-19 on “recruitment, hiring, learning and development and working practises within the student labour market”. It received 124 valid responses from businesses across the UK. Most of the companies were large and tend to recruit large numbers of entry-level staff.⁵¹ The key findings were:
- The recruitment process has been “severely disrupted”, with employers concerned over the assessment of academic qualifications, given that educational attainment is a key criterion in recruitment and selection processes.
 - Internships and work experience are particularly difficult to deliver, with employers cancelling face-to-face aspects of their recruitment processes.
 - Employers will be hiring less, and unemployment and underemployment could grow for the generations who leave education this year and next.
 - Around 25 per cent of respondents would be reducing their graduate intake, and ISE expects there will be fewer new graduate jobs in 2020, compared to 2019.
 - Employers face a high level of uncertainty as the COVID-19 pandemic unfolds and are unsure what the medium- and long-term implications will be. Most are adopting a “wait and see” approach. However, COVID-19 is expected to impact more negatively upon small- and medium-sized enterprises (SMEs).

⁴⁹Institute of Student Employers (2020) *Pulse survey 2020*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>

⁵⁰High Fliers Research (2020) *The Graduate Market in 2020* – https://www.highfliers.co.uk/download/2020/graduate_market/GM20Report.pdf

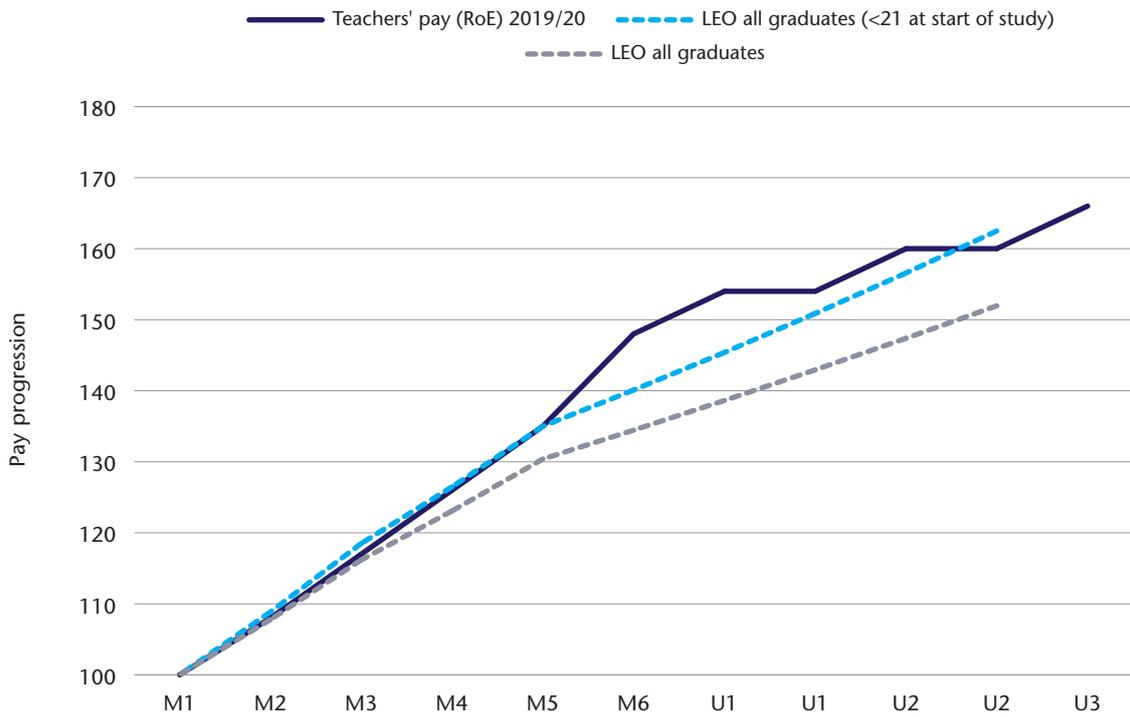
⁵¹Institute of Student Employers (2020) *COVID-19: Challenges for Student Recruitment and Development*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>

Graduate pay progression

- 3.56 The following analysis examines pay progression for teachers and the wider graduate population. Comparisons based on pay growth are made between the teacher pay framework, based on the non-statutory pay point structure that most schools use in their pay policies, and graduate earnings. Note that higher *growth* can correspond to lower *levels* of earnings.
- 3.57 Estimates of graduate pay progression are based on Department for Education Longitudinal Education Outcomes (LEO) data. The LEO earnings estimates should be treated with some caution as they are not restricted to graduates working in 'graduate professions' and include some part-time working. The data for the wider graduate market are also based on averages covering the broad graduate group, so mask the inevitable variation within that market. Nonetheless they do provide some indication of the profile of graduate earnings.
- 3.58 Figure 17 examines pay progression (growth) profiles for the wider graduate labour market. The comparators are based on the following:
- Department for Education LEO data for all graduates, based on median earnings at one, three, five and ten years after graduation. The chart data for intermediate years has been extrapolated using a constant annual growth rate.⁵²
 - Department for Education LEO data for all graduates who were under 21 when they commenced their degree course, based on median earnings at one, three, five and ten years after graduation.
- 3.59 Figure 17 shows:
- For the wider graduate groups, the pay progression profile is steepest for those graduates who commenced their degree study under the age of 21.
 - The existing profile for teachers (outside London) compares relatively well to that for other graduates.

⁵² Graduates with a first-degree qualification from higher education providers in England.

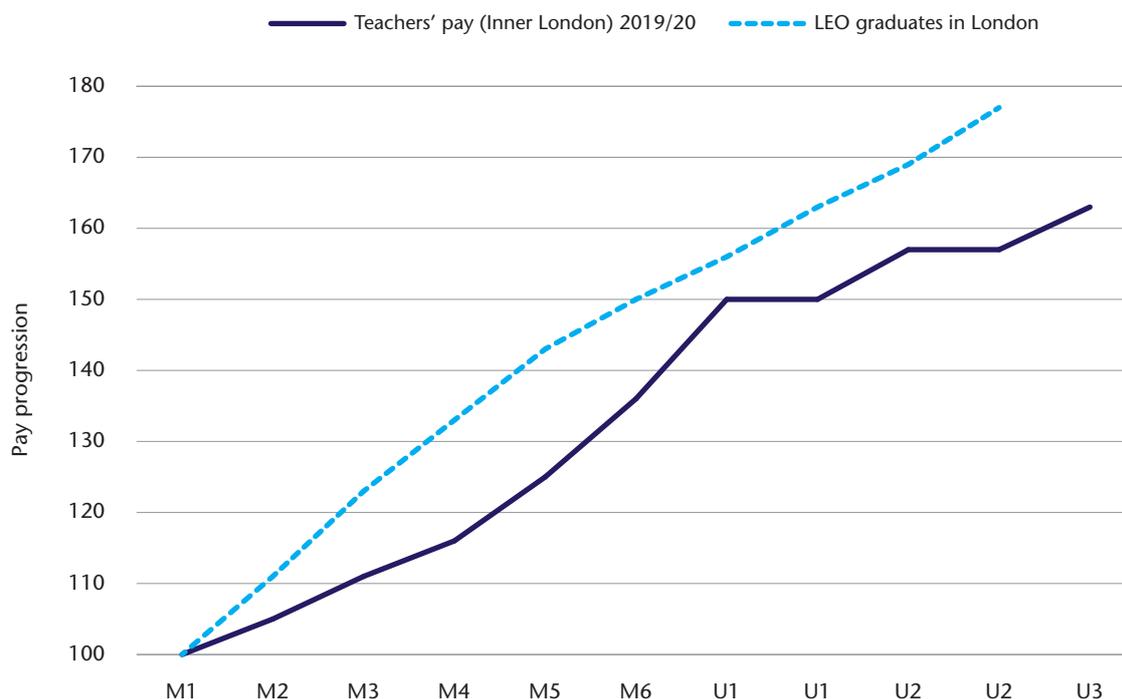
Figure 17: Teacher pay progression (rest of England) compared to wider graduate market (UK), (100 = earnings one year after graduation/pay at teacher pay point M1).⁵³



3.60 Figure 18 repeats the previous analysis for London. It shows the pay progression profile for the wider graduate group sits above the profile for teachers in Inner London.

⁵³ OME analysis of Department for Education Longitudinal Education Outcomes (LEO) data (<https://www.gov.uk/government/statistics/graduate-outcomes-leo-2017-to-2018>). LEO earnings data cover 2017-18.

Figure 18: Teacher Pay Progression (Inner London) compared to wider graduate groups (London) (100 = earnings one year after graduation/pay at teacher pay point M1).⁵⁴



Teachers' pay compared to wider economy earnings

3.61 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 ranges in the wider distribution of earnings, in terms of annual gross pay.⁵⁵ We compare against the earnings of those working in *professional occupations*. The data covers the period to 2018/19, so do not take into account the September 2019 uplift to the pay ranges. In addition, we have examined teachers' earnings compared to other *professional occupations* by age group.

3.62 Figure 19 shows how the MPR, UPR and leadership group pay range compare to the distribution of earnings for those in *professional occupations* only, as defined in the Standard Occupational Classification (SOC) 2010.^{56,57} *Professional occupations* is a major group within the SOC and include teaching and educational professionals as a minor group. Figure 19 shows:

- In 2018/19 the relative position of the MPR minimum has deteriorated slightly compared to 2010/11. The relative position of the MPR maximum has been retained. In 2018/19, the MPR falls below median earnings of the comparator group.
- From 2010/11 to 2018/19, the relative position of the UPR minimum and maximum have deteriorated by three and four percentiles respectively. In 2018/19, the UPR falls below median earnings of the comparator group.

⁵⁴ OME analysis of Department for Education Longitudinal Education Outcomes (LEO) data (<https://www.gov.uk/government/statistics/graduate-outcomes-leo-2017-to-2018>). LEO earnings data cover 2017-18.

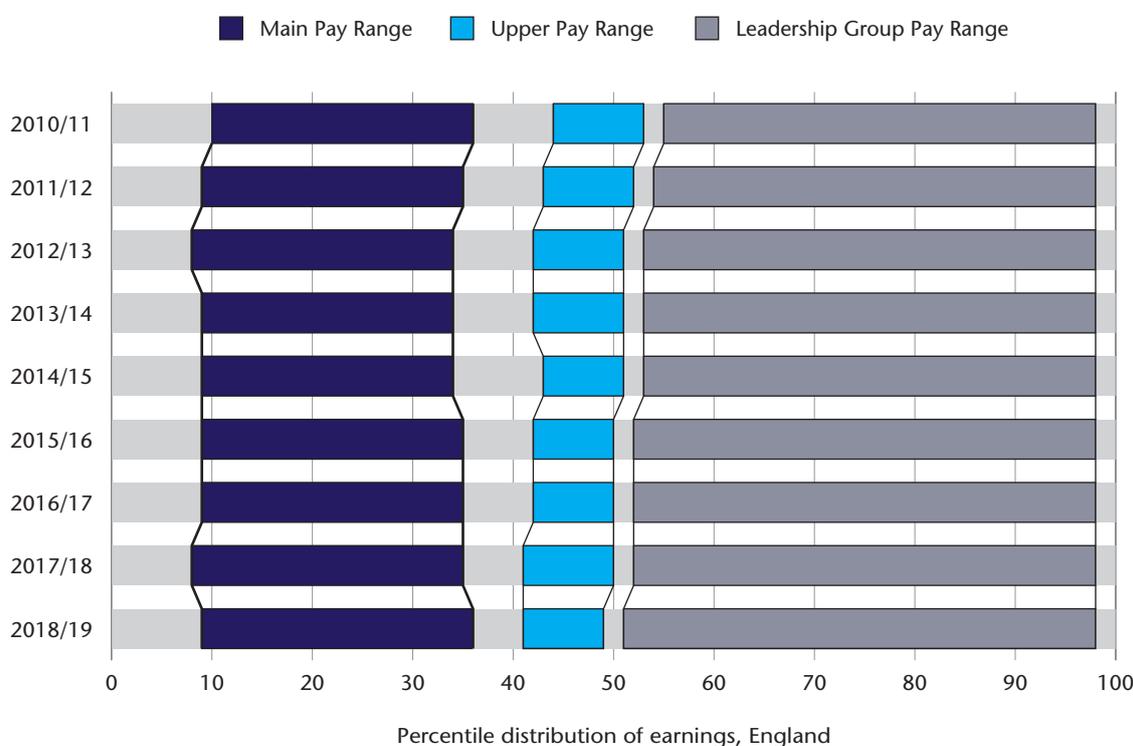
⁵⁵ Department for Education (2019) *School teachers' pay and conditions document* – <https://www.gov.uk/government/publications/school-teachers-pay-and-conditions>

⁵⁶ The SOC 2010 was used as it was the latest version when the analysis was conducted: <https://www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassification/soc2010>

⁵⁷ OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) data.

- From 2010/11 to 2018/19, the maximum of the leadership group pay range has retained its relative position while the minimum has fallen by four percentiles. In 2018, the leadership group pay range sits just above median earnings of the comparator.

Figure 19: Position of the MPR, UPR and leadership group pay range in the percentile distribution of wider economy earnings, *professional occupations only*. England, 2010/11 to 2018/19.⁵⁸



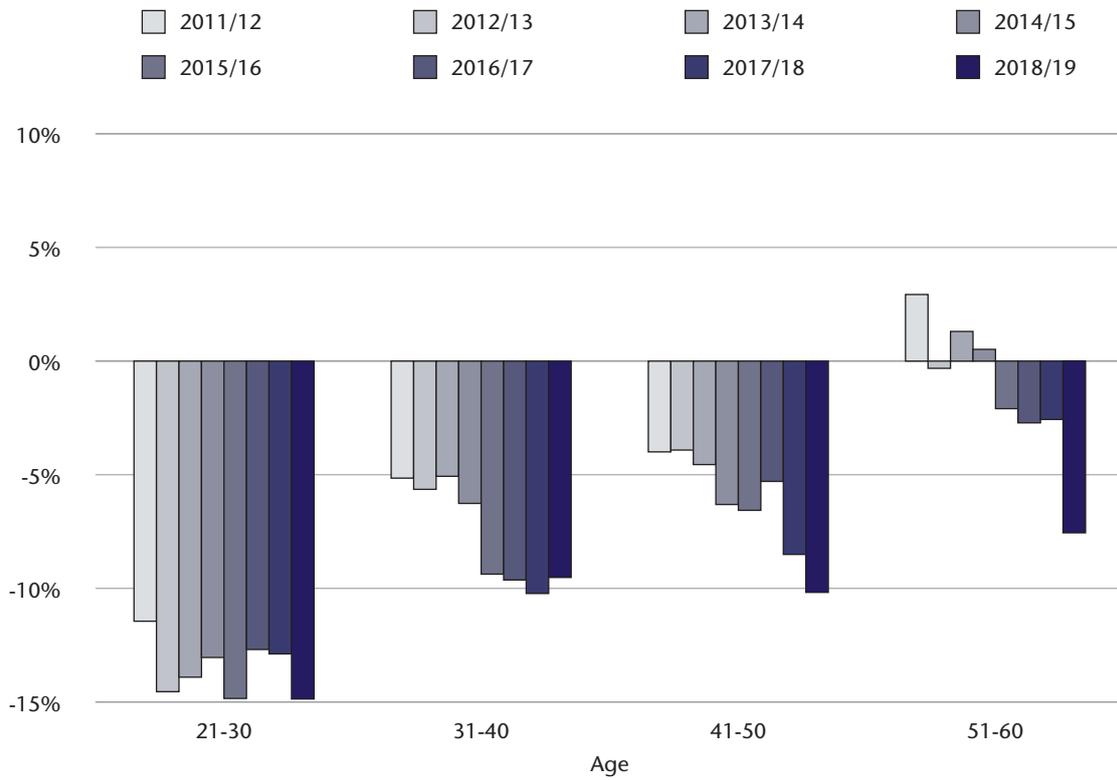
Comparative earnings by age

3.63 We have analysed the estimated earnings of teachers and those working in other *professional occupations* by broad age bands. This covers all teachers, including leaders. To maintain reasonable sample sizes, this analysis is conducted for London and the rest of England. Figures 20 and 21 present the pay comparisons in the form of the percentage differentials between estimated teachers' earnings and those of the comparator group (where a negative value indicates that teachers' earnings fall below those of the comparator). The figures show:

- The relative earnings of teachers in London and the rest of England has deteriorated over the period from 2011/12.
- In 2018/19, teachers' median earnings were below those of the comparator group in each age band, both in London and the rest of England.
- The largest gaps between the earnings of teachers and the comparator group were those for the youngest age band (21 to 30): 15 per cent in London and 11 per cent in the rest of England.
- The gaps between teachers' earnings and those of the comparator group are greatest in London.

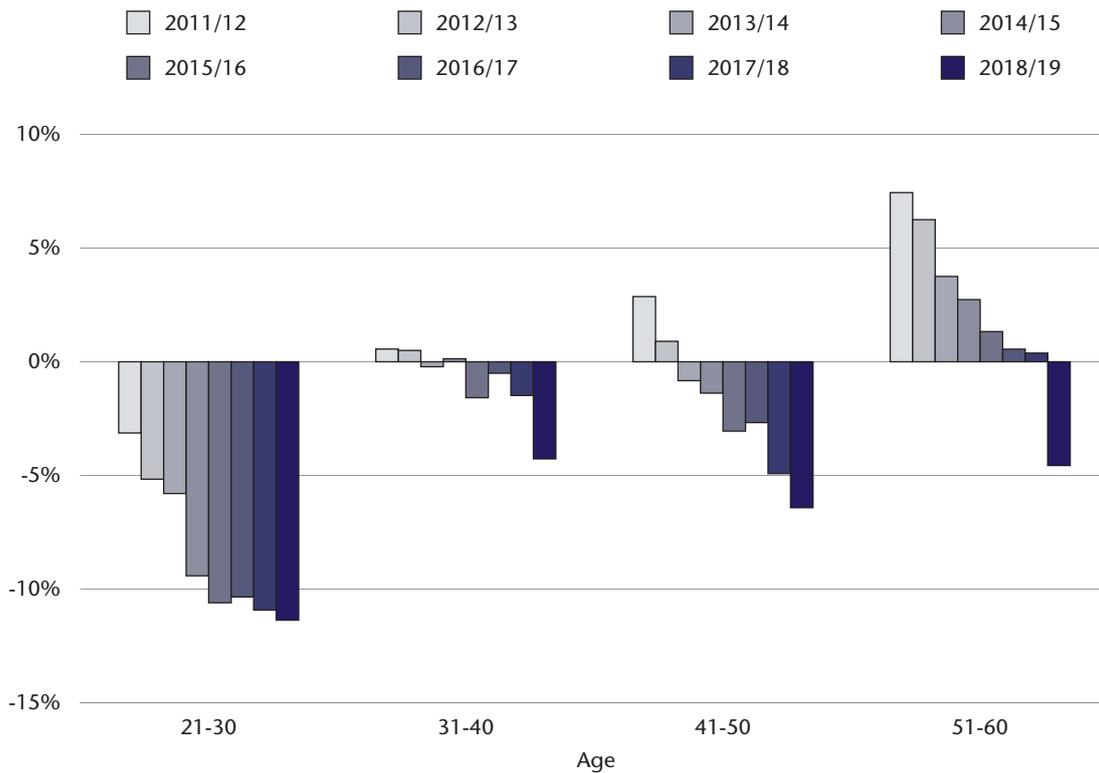
⁵⁸ OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) data.

Figure 20: Percentage difference between full-time teachers' earnings and those in other *professional occupations*, by age band. London (excluding the rest of England) 2011/12 to 2018/19.⁵⁹



⁵⁹ Estimates are based on OME analysis of gross earnings recorded in unpublished Department for Education SWC data and analysis of unpublished revised ONS Annual Survey of Hours and Earnings (ASHE) data.

Figure 21: Percentage difference between full-time teachers' earnings and those in other *professional occupations*, by age band. England (outside London), 2011/12 to 2018/19.⁶⁰



Teacher labour market summary

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

- Pupil numbers are forecast to increase, and substantially so in the secondary sector.
- The ITT recruitment target for both primary and secondary teachers was missed in 2019/20. The overall secondary target was missed for the sixth consecutive year and most secondary subjects did not meet their targets.
- Vacancy numbers increased overall in 2018 (secondary vacancies increased, although primary vacancies slightly decreased).
- The overall leaving rate was 9.8 per cent in 2018, slightly lower than in 2017, when the rate was 10.2 per cent.
- There were over 35,500 resignations from the profession (those leaving for reasons other than retirement) for the second consecutive year.
- Leaving rates are particularly high for teachers in their first three years in the profession, and the retention rates for early career teachers have also deteriorated in recent years.
- From 2011 to 2018, the leaving rate has increased the most for those aged 25 to 34. It has also increased for those aged between 35 and 54.
- Teacher leaving and wastage rates are higher in the secondary sector than in primary.

⁶⁰ Ibid.

- Evidence on the London labour market suggests that early career teacher retention is lower, and vacancy rates are higher, in London compared to the rest of England.
- There is a continued gap between teacher and wider graduate starting pay in some regions.
- Pay progression for teachers outside London (measured by annual growth) is broadly comparable with growth in median earnings in the wider graduate labour market. Pay progression for teachers in Inner London is lower than that for the wider graduate market.
- The earnings of teachers compared to those in other *professional occupations* have deteriorated in recent years. The gaps are widest for younger teachers and for those in London.
- The relative position of key elements of the teachers' pay framework has deteriorated in comparison to the distribution of earnings for those in *professional occupations*.

School funding and finances

National funding context

3.65 The core schools' budget in England for 2019-20 was £44.4 billion. The 2019 Spending Round, announced in September 2019, provided a funding settlement for schools in England for the financial years 2020-21 to 2022-23. Total school funding levels set out in the Spending Round are £47.6 billion for 2020-21, £49.8 billion for 2021-22 and £52.2 billion in 2022-23. As part of this settlement, the Government announced that it would provide schools with funding of around £1.5 billion each year to compensate for the increased cost of employer pension contributions. Excluding this pension compensation funding, the 2019 Spending Round allocations represent increases in overall funding of £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels. The Government stated that £780 million of the additional £2.6 billion for schools in 2020-21 was committed to the high-needs budget to support pupils with special educational needs.⁶¹

3.66 The Institute for Fiscal Studies (IFS) calculated that school funding levels in 2022-23 represent a real terms increase of around 10 per cent compared to 2019-20 funding levels (£43.5 billion). Overall pupil numbers are forecast to rise over this period by 1.9 per cent. Taking this into account, the IFS projected that real-terms spending per pupil, relative to 2019-20 levels, will be 3.0 per cent higher in 2020-21, 5.0 per cent higher in 2021-22 and 7.4 per cent higher in 2022-23. The IFS's analyses indicated that this will reverse the 5 per cent real-terms reduction in per-pupil funding levels since 2015-16 and return per-pupil funding to around the level it was in 2009-10 in real terms.⁶² Table 7 provides details of overall schools funding between 2019-20 and 2022-23 in terms of both the overall settlement in cash terms and the IFS's calculation of the impact on real-terms per-pupil funding levels.

⁶¹ HM Treasury (2019) *Spending Round 2019* – <https://www.gov.uk/government/publications/spending-round-2019-document>

⁶² Institute for Fiscal Studies (2019) *2019 annual report on education spending in England* – <https://www.ifs.org.uk/publications/14369>

Table 7: Schools' funding in England from 2019-20 to 2022-23.^{63,64}

	2019-20	2020-21	2021-22	2022-23
Core 5 to 16 schools budget (£bn)	44.4	47.6	49.8	52.2
<i>of which pensions funding (£bn)</i>	0.9	1.5	1.5	1.5
Core 5 to 16 schools budget, excluding pensions compensation funding (£bn)	43.5	46.1	48.3	50.6
<i>of which Spending Round 2019 cash uplift compared to 2019-20 funding levels (£bn)</i>		2.6	4.8	7.1
% real-terms rise in spending per pupil, relative to 2019-20		+3.0%	+5.0%	+7.4%

3.67 The Department provides separate funding for pupils aged 16 to 19 in colleges and school sixth forms. The 2019 Spending Round announced further education funding for 2020-21 would increase by £400 million compared to 2019-20. This comprised a £190 million increase to core funding for 16 to 19 year-olds and £210 million of funding for targeted interventions. The IFS calculated that this will lead to a real-terms increase in spending per pupil of over 4 per cent in 2020-21, but will still leave spending per student over 7 per cent below its 2010-11 level in colleges and over 20 per cent below in sixth forms.

Long-term trends in per-pupil funding levels

3.68 Analysis from the IFS considered education spending levels in the context of longer-term trends. The IFS stated that the average level of spending per pupil in real terms for primary and secondary schools grew modestly in the 1980s and 1990s and then rose by around 5 per cent per year during the 2000s. Per-pupil funding levels were largely protected under the Coalition Government from 2010, but 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 there were subsequent announcements of additional funding in 2017, 2018 and 2019 including extra core funding and the teachers' pay grant (TPG). The IFS calculated that, as a result, school funding per pupil fell by 0.5 per cent in real terms between 2017-18 and 2019-20. Its analysis also indicated that, within these overall trends, there has been some difference in the impact on primary and secondary school funding per pupil.

3.69 While spending by schools accounts for a significant majority of the overall expenditure on pupils, spending by local authorities and school sixth form funding also contributes to the total. The IFS therefore contended that the most comprehensive approach to tracking per-pupil funding should take these factors into account. It stated that it is only able to use this comprehensive measure on a consistent basis from 2003-04 onward. The IFS reported that spending by schools had increased in real terms over the period between 2003-04 to 2018-19, while spending by local authorities and sixth form funding had fallen. It calculated that, under its comprehensive measure, spending per pupil had risen by 14 per cent in real terms over this period.⁶⁵

⁶³ HM Treasury (2019) *Spending Round 2019* – <https://www.gov.uk/government/publications/spending-round-2019-document>

⁶⁴ Institute for Fiscal Studies (2019) *2019 annual report on education spending in England* – <https://www.ifs.org.uk/publications/14369>. We note the IFS's calculations about the impact on real terms spending per pupil will have taken account of the economic forecasts available at the time of this report. Many of these forecasts will have changed significantly due to the impact of COVID-19.

⁶⁵ Institute for Fiscal Studies (2019) *2019 annual report on education spending in England* – <https://www.ifs.org.uk/publications/14369>

School-level funding and finances

The National Funding Formula

- 3.70 A new National Funding Formula (NFF), introduced from 2018-19, has begun to have some impact on the funding received by individual schools. The NFF was intended to make school funding fairer and more transparent, including by addressing historical variations in the amount of funding received by schools with similar characteristics across England. The schools NFF is used to calculate a notional funding allocation for each school based on the number of pupils and several other criteria. The total of these NFF school allocations in each area determines the amount of schools' block funding received by the local authority. Local authorities then set their own funding formula to distribute their schools' block allocation to individual schools. There are some mandatory factors that all local authorities must include in the local formulae, for example, basic per pupil entitlement and deprivation. However, local authorities currently retain flexibility over the weight they place on these factors in determining the funding levels of schools in their areas. Other factors are optional, allowing local authorities to choose whether to include these in their formulae. There are also NFF allocations for high needs and central schools' services.
- 3.71 The Education and Skills Funding Agency (ESFA) reported in 2019 that many local authorities had moved towards the NFF when setting their 2019-20 funding formulae. The ESFA's report noted that there was some regional variation in the approaches taken by local authorities.

Impact of the Spending Round 2019

- 3.72 The Government's *Spending Round 2019* report stated that part of the funding settlement for schools would be used to continue to implement the NFF and provided information about how funding would be distributed between individual schools. For 2019-20, the NFF specified a minimum per-pupil funding level of £4,800 for secondary schools and £3,500 per pupil for primary schools. The *Spending Round 2019* report stated that the minimum level of per-pupil funding for 2020-21 would increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22.⁶⁶ In February 2020, regulations came into force that stipulated that these minimum per-pupil funding levels for 2020-21 would be mandatory for local authorities to use in their local formulae.⁶⁷
- 3.73 The Department stated in its written submission that schools that were attracting their core NFF allocations would benefit from an increase of 4 per cent to the formula's core factors in 2020-21.⁶⁸ It also specified a 'funding floor' in the NFF for schools to ensure that per-pupil funding would rise by at least 1.84 per cent in 2020-21. The Department's written submission noted that this was in line with the forecast GDP deflator and, as a result, would protect all schools per-pupil allocations in real terms as a minimum. The 1.84 per cent increase applies to allocations for schools under the NFF and local authorities retain some flexibility about the minimum increase that schools will receive under local funding formulae. Under the Schools and Early Years Finance (England) Regulations 2020, local authorities can set the minimum guaranteed funding increase for schools in their formulae at between 0.5 per cent and 1.84 per cent per pupil in 2020-21.

⁶⁶ HM Treasury (2019) *Spending Round 2019* – <https://www.gov.uk/government/publications/spending-round-2019-document>

⁶⁷ The Schools and Early Years Finance (England) Regulations 2020.

⁶⁸ Department for Education (2020) *Government evidence to the STRB: The 2020 pay award* – <https://www.gov.uk/government/publications/evidence-to-the-strb-2020-pay-award-for-school-staff>

- 3.74 In October 2019, the Department published data providing the provisional allocations for all schools in England under the NFF for schools in 2020-21. This also included the allocations in 2019-20, which makes it possible to measure the increase in NFF funding allocations for individual schools in 2020-21 compared to the previous year. We note, however, that the NFF allocations for both 2019-20 and 2020-21 do not necessarily reflect the level of funding that schools actually received, as this is still determined by local authorities funding formulae.
- 3.75 The STRB's analysis of these data indicates that the median increase in per-pupil funding between 2019-20 and 2020-21 is 4.54 per cent and the mean increase is 5.59 per cent. However, there is considerable variation in the level of increases to NFF allocations for individual schools. Overall, 25 per cent of primary schools and 26 per cent of secondary schools are receiving the minimum 1.84 per cent increase in their notional per-pupil NFF funding.
- 3.76 We have also considered the distribution of notional per-pupil funding increases in 2020-21 in terms of deprivation and geographical location. Our analysis suggests that a greater proportion of schools in areas of high deprivation, as measured by the proportion of pupils receiving free school meals, have been allocated the minimum 1.84 per cent increase in per-pupil funding. Our analysis also suggests that 57 per cent of schools in London will receive a notional 1.84 per cent increase, significantly higher than for the rest of England where 21 per cent of schools have been allocated this level of increase.⁶⁹ Research by the EPI reached the same conclusion, stating that close to 50 per cent of the most disadvantaged schools and about 90 per cent of inner London schools would receive the minimum 1.84 per cent increase in notional per-pupil funding for 2020-21.⁷⁰

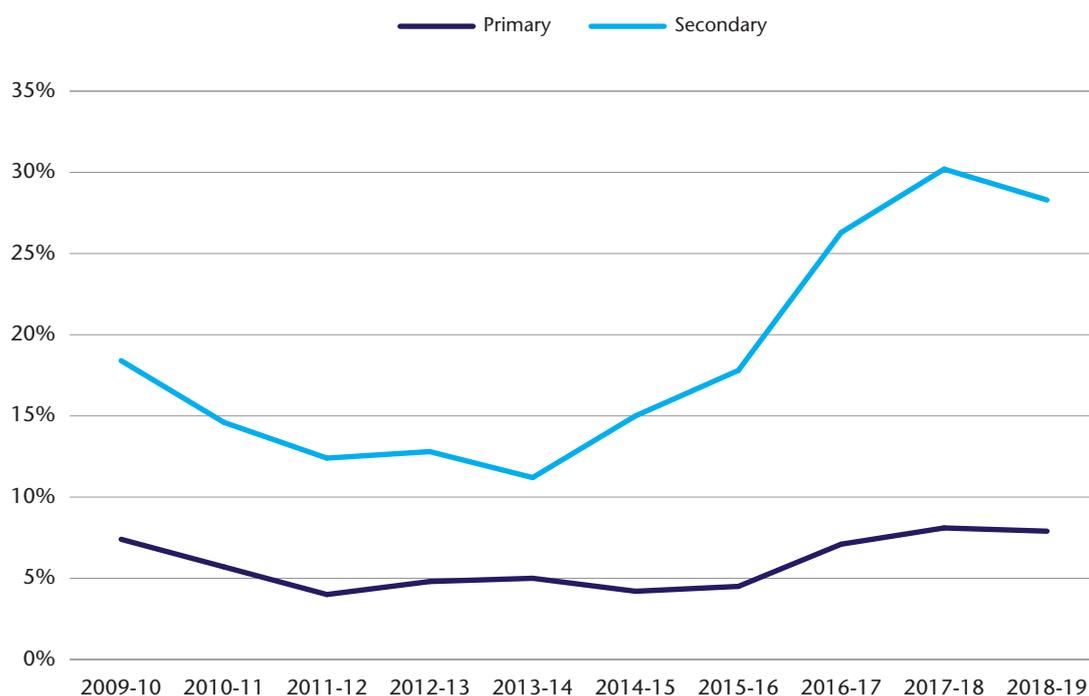
School revenue balances

- 3.77 Overall, a majority of local authority maintained schools have financial reserves. The latest data, relating to 2018-19, indicated that 89.4 per cent of the 13,936 local authority maintained schools in England had accumulated surpluses, while 9.9 per cent had accumulated deficits. Compared to 2017-18, the proportion of schools with accumulated surpluses had increased (from 88.6 per cent) and the proportion of schools with accumulated deficits had fallen (from 10.2 per cent). However, this slight fall in the proportion of schools with deficits followed substantial increases in recent years; 9.9 per cent in 2018-19 represents a higher proportion of schools with accumulated deficits than in 2016-17 (9.1 per cent) and 2015-16 (6.0 per cent). Within this overall total, there are clear differences between primary and secondary sectors. In 2018-19, 91.5 per cent of primary schools had surpluses and 7.9 per cent had deficits, while 70.7 per cent of secondary schools had surpluses and 28.3 per cent had deficits (see Figure 22).

⁶⁹ Estimates based on OME analysis of Department for Education schools and funding data: <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2019>; <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2020-to-2021>

⁷⁰ Education Policy Institute (2020) *Teacher shortages in England: analysis and pay options* – <https://epi.org.uk/publications-and-research/teacher-shortages-in-england-analysis-and-pay-options/>

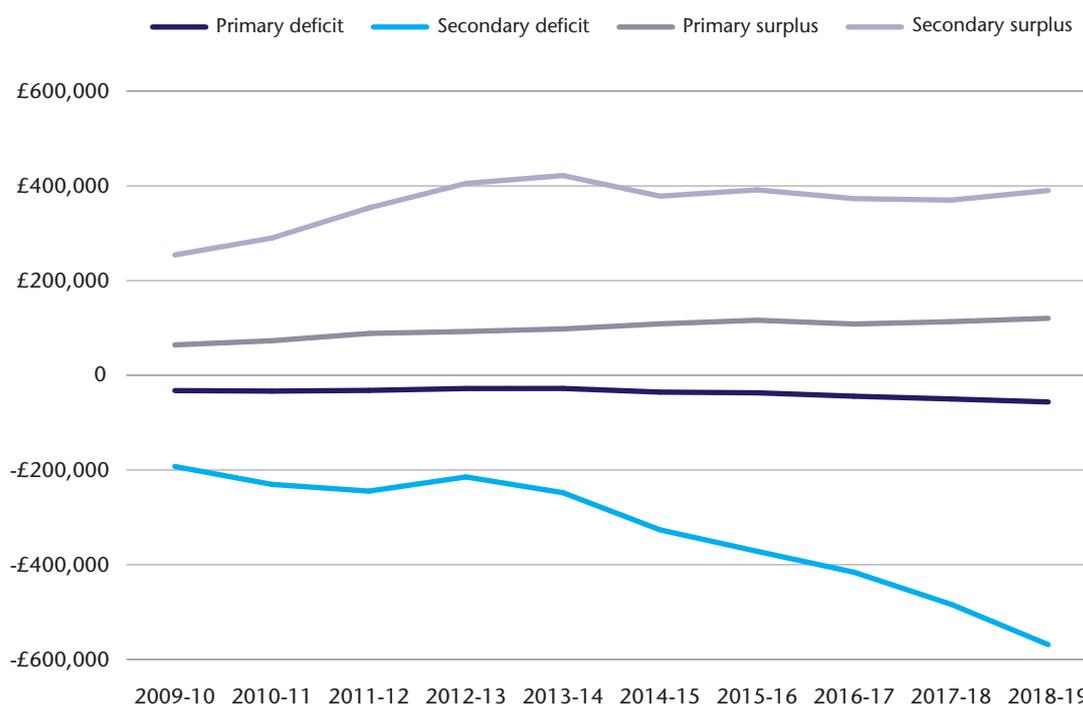
Figure 22: Percentage of local authority maintained schools in deficit. England, 2009-10 to 2018-19.⁷¹



- 3.78 For schools with accumulated deficits, the overall average level of deficit in 2018-19 was £169,520 and this had increased from £152,250 in 2016-17. The average level of deficit has increased consistently in recent years. Again, there were differences between primary and secondary phases. The average deficit for primary schools in deficit in 2018-19 was £56,252, while the equivalent figure for secondary schools was £568,648 (see Figure 23).
- 3.79 While the average level of deficit has increased, the level of financial reserves held by schools with accumulated surpluses has risen in recent years in both primary and secondary phases. The average for all maintained schools increased from £134,522 in 2017-18 to £142,468 in 2018-19, with primary school average surpluses increasing from £113,341 to £120,394 and secondary school average surpluses increasing from £370,010 to £390,237 over this period. Taking account of both these accumulated surpluses and deficits, the total revenue balance across all local authority maintained schools in 2018-19 was £1.5 billion, a decrease of £19.0 million since 2017-18.

⁷¹ Department for Education (2019) *LA and school expenditure: 2018 to 2019 financial year* – <https://www.gov.uk/government/statistics/la-and-school-expenditure-2018-to-2019-financial-year>

Figure 23: Average deficit/surplus for local authority maintained schools, England, 2009-10 to 2018-19.⁷²



3.80 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 2018/19. The data on academy trust financial reserves shows 94 per cent of academy schools have a positive reserve, one per cent have a zero reserve and five per cent have a negative reserve. The total net financial position of all academy trusts was a surplus of £2.7 billion, and the average balance was £307,000.⁷³

School funding and finances summary

3.81 The section provides evidence on school funding and finances. The key messages that the STRB draws from this evidence are:

- Average levels of per-pupil funding will increase in real terms from 2020-21 to 2022-23 as a result of the 2019 Spending Round settlement for schools. This follows several years of real-terms decreases in per-pupil funding levels.
- By 2022-23, per-pupil funding will return to approximately its 2009-10 level in real terms. Looking at longer term trends, 2009-10 represents a historic high point in terms of per-pupil funding levels, but it is also unusual for funding levels to have not increased in real terms for more than a decade.
- The NFF is having an impact on how funding is distributed to individual schools, with many local authorities moving their local funding formulae closer to the NFF. However, as actual school allocations are still determined in line with local funding formulae, it is difficult to assess precisely the effect of the 2019 Spending Round settlement on individual schools' funding levels.

⁷²Department for Education (2019) *LA and school expenditure: 2018 to 2019 financial year* – <https://www.gov.uk/government/statistics/la-and-school-expenditure-2018-to-2019-financial-year>

⁷³OME analysis of Department for Education funding data: <https://schools-financial-benchmarking.service.gov.uk/Help/DataSources>

- The median increase in notional per-pupil funding for schools between 2019-20 and 2020-21 is 4.54 per cent and the mean increase is 5.59 per cent. However, there will be considerable variation in the impact on individual school budgets in 2020-21 and a significant proportion of schools will attract the baseline 1.84 per cent per-pupil increase in their NFF allocations.
- While the proportion of schools with accumulated deficits has fallen slightly, the average level of deficit has increased. At the same time, the average level of accumulated surplus for schools with financial reserves has increased. The net impact of these two conflicting trends is a slight reduction in the total revenue balance across all maintained schools.

CHAPTER 4

The pay structure for classroom teachers

- 4.1 Our current remit, in addition to advice on a pay award for 2020/21, includes recommendations on reforms to the pay structure for classroom teachers. The remit letter asks the STRB to make its recommendations on pay taking account of the Secretary of State's views that there should be a significant increase to starting salaries and a shift to a relatively flatter pay progression profile for classroom teachers. It also seeks recommendations on providing additional advice to schools on the pay progression pathway, including advisory pay points on the main and upper pay ranges, and the STRB's views on the role of progression to the upper pay range and the continued case for separate main and upper pay ranges.
- 4.2 Any changes to the pay structure for classroom teachers will have a significant impact on the profession in the longer term. It is important that careful consideration is given to ensure that such changes support an effective and sustainable pay system for teachers. This chapter first sets out the STRB's views on the objectives of the teacher pay system before considering the specific elements of the pay structure for classroom teachers that we have been asked to consider this year: the pay progression profile; pay points; and the future of the MPR and UPR. Finally, it addresses the possible need to review other elements of the pay system in response to changes to the classroom teacher pay structure.
- 4.3 We have considered these issues in this chapter in terms of how the pay system should work in the longer term. This means we have not given detailed consideration to the current state of the teacher labour market and the wider graduate labour market, school funding and finances, and the impact of coronavirus (COVID-19). However, these are key considerations in relation to our specific recommendations for 2020/21 and are addressed in Chapter 5.

Objectives of the pay system

- 4.4 Our consideration of the case for reforming elements of the classroom teacher pay structure is informed by our views on the objectives of the teacher pay system as a whole. We have set these out below to provide context to our consideration of the specific remit matters.
- 4.5 It is vital that high quality graduates are attracted to join the teaching profession and make it their career. The pay system must therefore ensure that earnings for teachers are **competitive with the wider graduate labour market**. The level of starting pay must provide a competitive point of entry to the profession in comparison to other graduate professions within the relevant local labour markets. Equally, pay levels for experienced teachers should be commensurate with the earnings of those with similar levels of experience in other comparable graduate professions in order to retain and motivate them throughout their career.
- 4.6 We believe that it is important that the pay system provides **clear progression routes for teachers**. There should be clarity for new entrants to teaching on how their careers can be expected to progress, up to and including moving into leadership positions, and about potential earnings during their careers. The pay system should also be **developmental**, and there should be clarity about the professional development and mentoring support available to help teachers to progress their careers.

- 4.7 The pay system must **support multiple career pathways for teachers**, including routes for teachers who wish to remain in the classroom rather than move into leadership. It should also **reward high performance, teaching excellence and capability**. Research¹ indicates that teachers become more effective in terms of delivering pupil outcomes as they gain experience, particularly in their first five years in the profession. The pay system, working coherently with schools' development and performance appraisal processes, should recognise and reward classroom teachers as they develop and gain expertise. At the same time, the system should **reward teachers taking on additional management or leadership responsibilities**. There should be a clear system to incentivise and reward those who take on additional responsibilities, and to support progression into middle and senior leadership posts.
- 4.8 The STRB's role is to advise on the national pay framework and it is for school leaders and governing bodies to apply this framework in their schools. The framework must therefore be **deliverable for all types of school in all areas of the country** in order to support schools to maintain the high quality cadre of teachers and school leaders they need to deliver their vital roles in educating children and young people. Given the variation across the schools sector, it should also **provide flexibility for school leaders**, striking the appropriate balance between providing a clear national framework and allowing individual schools and head teachers to decide on the best approach for their own local circumstances. Finally, it is vital for the pay system **to promote equal opportunities and fairness of treatment**, recognising the benefits of having a diverse pool of teachers at all career stages and ensuring that pay decisions are fair and do not disadvantage groups with protected characteristics.

The pay progression profile for classroom teachers

- 4.9 The remit letter from the Secretary of State asked us to make recommendations on adjustments to pay and allowance ranges for teachers in the context of his views on the need for an uplift to starting salaries. The Department's written submission set out its longer-term plans for establishing a classroom teacher pay structure by September 2022 with significantly higher starting pay and a relatively flatter pay progression profile. Before considering our specific recommendations for 2020/21, which are set out in the next chapter, we first evaluated the case for such an approach in principle. Our consideration here focuses on whether a pay structure which provides greater reward for teachers at the start of their career, but with a flatter pay progression gradient, will be more effective at recruiting, retaining and motivating teachers.
- 4.10 The Department stated that its proposals were informed by the pay modelling it had undertaken to calculate the potential retention gains of different options for reforming the classroom teacher pay structure. The Department's submission provides details of its pay modelling and states that this forecasts a net gain in teacher retention as a result of its proposals for higher starting pay and a flatter progression structure. The STRB welcomes this addition to the evidence base. We think this modelling supports the argument that larger increases in the pay of teachers early in their careers will improve teacher retention by more than a uniform pay increase. However, as with any modelling approach, the predictions are sensitive to changes in the inputs to the model. There is uncertainty about some of the inputs and the assumptions underpinning the model, which means we cannot be assured of the size of the predicted retention gains. These issues are discussed further in Appendix C, which reviews the Department's model in greater detail.

¹ 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

- 4.11 In its recent reports, the STRB has raised concerns about the competitiveness of starting salaries for teachers compared to other graduate professions. Our discussions with teachers across the country on school visits suggest that pay is seldom the main reason for people choosing teaching as their career. However, a higher starting salary will help to make teaching more attractive in comparison to other graduate professions for young people considering their future careers, as it will for recent graduates and for those considering changing their careers later in life. As a result, we consider that increasing starting pay will be an important positive step that should lead to an improvement in the teacher recruitment situation.
- 4.12 It is, however, very difficult to gauge what this will mean in terms of recruitment to ITT. The evidence on teacher supply shows that there are particularly acute challenges in recruiting teachers in some localities – for example, areas of high deprivation – and for certain subject specialisms (Chapter 3 – paragraphs 3.29 to 3.33 and 3.43 to 3.44). A general increase in starting pay may not alone be sufficient to address these issues. It will therefore be important for the classroom teacher pay structure to work effectively alongside other mechanisms, such as the Department’s bursary schemes, to ensure that schools in all areas of the country are able to recruit teachers with the skills they need.
- 4.13 Moving to a pay structure with higher starting pay and a flatter progression structure will mean that teachers earn more in the early stage of their careers. Leaving rates are highest for teachers in their first three years in the profession and these rates have markedly increased in recent years (Chapter 3 – paragraph 3.24 and 3.25). Pay will be a factor in some of these teachers’ decisions to leave the profession, and so we conclude that targeting pay increases at early career stages will reduce the very high leaving rates among those in their first few years in teaching.
- 4.14 We consider, however, that the extent of the gains in early career retention may be relatively limited. Teaching will inevitably lose some recruits in their first few years and there is some evidence to show that leaving rates are high in the early career stages for other graduate professions.² Many early career teachers will leave for reasons other than pay; there will always be some who decide that teaching is not the career for them, and others may leave for non-pay factors such as workload. The Department’s submission emphasises that its proposals on pay are one part of a package of interventions to improve teacher recruitment and retention, including those set out in its *Teacher Recruitment and Retention Strategy*.³ We consider that increases to pay levels for teachers in the early stages of their career will be most effective at improving retention rates if complemented by effective action to address the non-pay factors driving early career wastage.
- 4.15 Establishing a flatter pay progression structure will reduce, in relative terms, the amount of additional pay a classroom teacher receives for progress through the main and upper pay ranges as they gain expertise and experience. The Department’s submission contended that those considering becoming teachers will place greater weight on the levels of starting pay than longer-term earnings prospects. While we see this as a reasonable assumption, the prospects for pay progression will also be a factor in the decisions of some graduates and career changers. If teaching is seen as a career in which the potential for longer-term pay progression is significantly lower than for other UK graduate professions, this will make it less attractive as a longer-term career option. Moreover, it is important that the levels of pay for experienced teachers and school

² Institute of Student Employers (2020) *Student Development Survey 2020*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>. We note that it is difficult to draw direct comparisons to leaving rates for teaching as these data relate to individuals leaving their employers rather than the profession as a whole.

³ Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

leaders remain competitive with the earnings available for those with similar experience and responsibilities in other UK graduate professions to avoid higher wastage rates among these groups.

- 4.16 The transition to this new structure will also result in experienced teachers receiving a significantly smaller pay uplift than their more junior colleagues. The unions representing teachers and school leaders strongly opposed this and stated that it would damage the morale and motivation of experienced teachers and increase wastage for this group. There is also a growing literature in economics to suggest that relative income may impact on behaviour more than absolute levels of income, including some indications that differentiated approaches to pay can negatively affect morale and productivity.⁴ We have considered this issue and its potential impact at a time of considerable uncertainty for schools and when teachers are working in more challenging circumstances. It is difficult to predict the scale of the impact these factors might have on the retention of more experienced teachers, but given the very large numbers of teachers on the maximum of the MPR and on the UPR, even a small increase in wastage rates could lead to significant numbers leaving the profession.
- 4.17 On balance, **the STRB sees merit in moving toward a classroom teacher pay structure with higher starting salaries and relatively less focus on pay progression increases.** We consider that this approach could contribute to improvements in teacher recruitment and the retention of early career teachers. However, we have concerns about some of the details of the Department's proposals and the risks involved in implementation. **The STRB's support for this approach is conditional on striking an appropriate balance between increases to starting pay and increases to pay for more experienced teachers to mitigate these risks.** Unless the pay levels for experienced classroom teachers are competitive in the graduate labour market, the objective of improving the overall state of teacher supply is unlikely to be attained.

Pay points

- 4.18 The remit asked us to make recommendations on additional advice to schools on the performance-related pay progression pathway for classroom teachers, including advisory pay points on the main and upper pay ranges. The statutory national pay framework for teachers previously included six points on the MPR (M1 to M6) and three points on the UPR (U1 to U3). These mandatory pay points were removed following the recommendations of the STRB's 21st report (December 2012) to provide schools with greater autonomy to set teachers' pay. To support schools' transition to this new system, the School Teachers' Pay and Conditions Document (STPCD) continued to include advisory pay points until September 2015, when these were removed in line with the recommendations of the STRB's 24th report (June 2014). However, the unions and some local authorities have continued to produce guidance on pay points between the minima and maxima of the MPR and UPR, which are based on the nine point statutory structure in place before 2013. Most schools, in both the local authority maintained and academy sectors, use this approach in their local pay policies. Representations from our consultees and our own conversations with head teachers and local authority officials during school visits suggest that this guidance is welcomed as it assists school leaders and governing bodies in determining their schools' pay policies and helps to achieve greater consistency in schools' approaches to pay.
- 4.19 The Department has proposed that advisory pay points should be established on the MPR and UPR to support schools to ensure spending on pay is best directed at addressing recruitment and retention challenges. It contended that advisory points would allow

⁴ Breza, E., Kaur, S. and Shamdasani, Y. (2018) 'The Morale Effects of Pay Inequality' *The Quarterly Journal of Economics*, Volume 133, Issue 2, May 2018, Pages 611–663 – <https://doi.org/10.1093/qje/qjx041>

for the creation of a more transparent and coherent pathway for new and existing teachers and that this would be supported by moving to a consistent rate of progression by equalising the differentials between pay points. All of our consultees supported pay points being reintroduced on the classroom teacher pay ranges. They asserted that pay points would provide greater clarity for teachers and have a positive impact on teacher supply. The school leader unions and representatives of school governors told us that their members, who are responsible for setting school pay policies, would welcome the additional guidance provided by nationally set pay points. However, many of our consultees stated that pay points should be restored on a mandatory, rather than advisory basis. They contended that this would have a more substantial positive impact on teacher recruitment and retention as it would provide greater certainty about pay progression.

- 4.20 We note this consensus among our consultees that pay points should be reintroduced on the MPR and UPR. Recent survey evidence⁵ supports the idea that there is currently a lack of clarity about potential earnings for some classroom teachers. Only 63 per cent of classroom teacher respondents to the survey were clear about the maximum they could earn in their current role, and only 57 per cent were clear about their earnings across their whole career. This indicates that there is a case to provide more detailed guidance about pay progression. National pay points would help to establish clearer expectations about how teachers are likely to see their salaries increase as they gain expertise and experience, which should provide greater clarity both for current teachers and those considering joining the profession. **The STRB supports the position of its consultees that establishing pay points on the MPR and UPR will have a positive impact on the teacher workforce.**
- 4.21 Setting pay points nationally will provide useful and authoritative guidance for school leaders and governing bodies to inform their decisions about pay structures in their schools. But we also believe that it remains important that schools continue to have flexibility to respond to local issues. Local labour market conditions have a significant impact on teacher supply, so schools should be able to respond to this through their pay policies to ensure that they can recruit and retain the teachers they need. Likewise, establishing mandatory pay points would result in implementation challenges for those schools that have adopted a different pay structure. As a result, **the STRB concludes that pay points should be advisory not mandatory.** This will also have the benefit of providing a more consistent approach across the education system as a whole, as advisory pay points would have the same status for local authority maintained schools and academies.
- 4.22 All of our consultees were of the view that these pay points should be based on the existing guidance that has been produced by the unions and local authorities. This guidance sets out a structure of six points on the MPR and three points on the UPR and is currently used in most schools. We agree that this is appropriate in the short term, as the priority should be to establish pay points that align as closely as possible with the pay structure currently in place in most schools in order to reduce implementation challenges.
- 4.23 We are not convinced, however, that this structure and the current differentials between pay points are necessarily optimal and we consider that this should be reviewed in the future. The Department has proposed moving toward a structure with equal differentials between each of the nine points, which it states would provide a more transparent and coherent progression structure. We do not see a strong case for establishing such a structure, as we do not consider that teachers' career progression necessarily

⁵ As part of research undertaken by the Institute of Employment Studies (IES) on behalf of the Department, a survey was conducted online by YouGov and received 716 responses from teachers and leaders in July 2018. The survey findings are presented in Department for Education (2018) *Teachers', leaders' and governors' views on the pay framework* – https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757821/Teachers__Pay_Framework_RR854.pdf

comprises uniform and equal steps each year. There are some steps which can be seen as more significant, such as teachers reaching the end of the new two-year early career framework period or experienced teachers crossing the threshold from the MPR to the UPR. We believe that consideration should be given to recognising such steps in the pay progression structure. The Department considered teacher career pathways in its *Teacher Recruitment and Retention Strategy*⁶ which included dividing teachers' careers into stages, as set out in Figure 1. We welcome this approach and think it could provide a useful starting point for further consideration of these issues.

Figure 1: Teacher career pathways⁷



4.24 Moving to a new classroom teacher pay structure that aligns with teacher career stages will require careful consideration and the transition to such a structure is likely to require a planned process over a number of years. As a first step, it will be necessary to develop a clear framework of the career stages for teachers and the views of our consultees would be vital to inform this work. **We invite the Department to consider setting a remit in the future for the STRB to consider the main stages of teachers' careers and the extent to which these should be recognised in the pay system.**

4.25 In the context of such a remit, it would be appropriate for the STRB to **consider how performance appraisal should be linked to pay progression decisions in such a revised structure.** This could include looking at the right balance between development and performance discussions to ensure that the benefits of linking progression to performance appraisal, in terms of rewarding teachers as they develop their capability and expertise, is proportionate to the workload involved in operating the pay progression system. We also note the concerns expressed by many of our consultees about the equality implications of the current progression system. It is vital that the system should provide a clear framework within which employers can make fair and transparent decisions about pay and progression that fulfil their statutory duties and support a strong and diverse teacher workforce at all levels.

The future of the MPR and UPR

4.26 The remit letter also asked the STRB to provide its views on the role of progression to the UPR and the continued case for separate main and upper pay ranges. The UPR was first introduced in September 2000 following recommendations made by the STRB in its 9th report (February 2000). When making its recommendations on establishing the UPR, the STRB stated that this would provide a good basis for the development and reward of teachers, while also attracting able graduates to the profession.

4.27 In the current pay system, teachers are paid on the MPR when they join the profession as newly qualified teachers (NQTs). Decisions are taken annually by the head teacher and school governing body about pay progression on the MPR, with decisions linked to performance appraisal. Teachers are also able to apply for progression from the MPR to

⁶ See footnote 3.

⁷ Figure 3 on page 27 of Department for Education (2019) *Teacher Recruitment and Retention Strategy* – <https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy>

the UPR. They are able to do this at any time but teachers will typically apply after having progressed to the maximum of the MPR. When assessing an application to progress, the head teacher should allow the teacher to move to the UPR if they are satisfied that: a) the teacher is highly competent in all elements of the relevant standards; and b) the teacher's achievements and contribution to an educational setting or settings are substantial and sustained.

- 4.28 The Department's submission did not provide a view on whether there should continue to be a separate UPR or if this could be combined with the MPR into a single classroom teacher pay range. It noted that research indicated that there were mixed views at school level about the utility of a separate UPR. However, the Department also stated that schools must be given adequate time to prepare for any significant change to the operation of the UPR, and that any change should therefore not be introduced in September 2020. It sought our initial views on the future of the UPR, with final proposals to be developed as part of our next remit. **The STRB agrees that it is important that schools have sufficient time to prepare for any substantial changes to the operation of the MPR and UPR and this report does not make any specific recommendations for changes to this element of the pay system.** We instead set out below our consideration of the current arrangements and the possible alternatives, and our views on how these issues should be addressed in the future.
- 4.29 As set out in Chapter 2, our consultees had mixed views on this matter. Several contended the UPR should be maintained as a separate pay range, stating that this mechanism had a positive impact on teacher recruitment and retention and that it was important that teachers should be able to aspire to earn higher salaries while remaining in the classroom. Other consultees asserted that combining the MPR and UPR into a single pay range would provide a clearer and simpler structure for rewarding classroom teachers as they gained experience and expertise.
- 4.30 There have been significant changes to the wider teacher pay system since the UPR was introduced 20 years ago, so it is reasonable to consider whether this continues to be a valuable and effective element of the reward system for classroom teachers. In particular, it is not clear whether a separate pay threshold linked to an assessment of teachers' competence and achievements remains necessary when, following the recommendations of the STRB's 21st report (December 2012), all pay progression is linked to performance appraisal. The reforms introduced following the recommendations of our 21st report also removed from the STPCD detailed guidance about the expectations of teachers on the UPR. This statutory document now specifies the criteria for assessing teachers' applications for progressing to the UPR (as set out in paragraph 4.27 above) but does not provide explicit statements of responsibilities or separate standards for UPR teachers.
- 4.31 Survey evidence suggests the UPR is seen as a valuable element of the pay system in terms of career progression but that there is a lack of clarity about the operation of this pay threshold. The Office of Manpower Economics (OME) commissioned questions on behalf of the STRB in the National Foundation for Educational Research's (NFER) Teacher Voice Omnibus Survey in June 2019.⁸ Of the respondents who agreed the current pay framework supported career progression, the UPR was the element of the pay framework most commonly cited as providing an incentive for career progression. However, this survey also showed that there were mixed views on whether it was reasonable for teachers on the UPR to be required to hold additional formal responsibilities and that practice in schools in regard to expectations of teachers on the UPR varies. The survey suggests that UPR teachers in primary schools are more frequently required to take on substantial additional responsibility than those in secondary schools, which is in line with

⁸ A panel of 1,570 practising teachers from 1,356 schools in the publicly funded sector in England completed the online survey between 21st and 26th June 2019. The full survey findings are available here: <https://www.gov.uk/government/publications/teachers-views-on-the-pay-framework-in-england>.

the findings from our school visits programme. Research undertaken by the Institute for Employment Studies (IES) on behalf of the Department in 2018 also explored teachers' and leaders' views on the use of the MPR and UPR.⁹ Less than half of classroom teachers respondents were clear about the requirements to progress from the MPR to the UPR and the expectations of UPR teachers at their schools.

- 4.32 The evidence available suggests that many classroom teachers progress through the MPR and on to the UPR as they gain experience and develop their capabilities. For example, the latest available School Workforce Census (SWC) data from 2018 shows that around half of classroom teachers were paid on the UPR. The STRB's own longitudinal analysis of the career progression of 2011 entrants to the profession indicated that, of those remaining in teaching in 2018, around 50 per cent had progressed to the UPR and around 40 per cent remained on the MPR, with the remainder paid on the leadership group or leading practitioner pay range. As a result, we do not see any evidence that the UPR mechanism is dysfunctional at a system-wide level in terms of preventing effective teachers from progressing. However, these data do not allow us to assess whether fair and objective decisions are made about teachers' progression over the threshold. We note the concerns expressed by several of our consultees, supported by survey evidence from their members, about equalities implications of the pay system, including progression to the UPR.
- 4.33 The OME also commissioned research on behalf of the STRB to explore whether pay systems for other organisations and professions use pay threshold mechanisms similar to the UPR in teaching. This research, undertaken by Incomes Data Research (IDR),¹⁰ found that, while comparatively unusual, pay thresholds were employed in the pay systems for a number of public and private sector organisations. None of these pay threshold mechanisms were identical to the UPR and they also differed from each other, showing that there is no typical approach to using pay thresholds within a reward system. Instead the research suggested that each organisation developed an individual approach to reflect particular issues with its workforce. The organisations considered generally reported that the pay thresholds in their reward system had been developed for a specific purpose, typically related to staff retention problems, with most reporting that these mechanisms were effective in meeting their objectives.
- 4.34 Overall, **the STRB sees some merit in maintaining a pay threshold in the classroom teacher pay system.** The evidence we have considered to date suggests that a separate UPR with a threshold can serve a positive purpose – for example, in terms of rewarding teachers for expertise and experience, and supporting teacher development and improving standards. A threshold between the MPR and UPR that experienced teachers cross, based on capability, achievement and their contribution to the wider school, is also in line with our view that the pay progression structure should align with the main stages of teachers' careers. However, the wider pay system has changed considerably since the UPR was first established and the STRB does not have sufficient evidence at this time to confirm whether the UPR, as currently constituted, is achieving the desired objectives.
- 4.35 **A more detailed review in the future is therefore recommended to examine these issues, with input from our consultees, in order to establish whether the current threshold should remain in place and, if so, whether further guidance is required to ensure that the UPR can better achieve its purposes.** The issues that should be considered as part of such a review include:
- The purpose of the UPR in the teacher pay system and whether defining this more clearly can help to improve the effectiveness of this mechanism in achieving its objectives.

⁹ See footnote 5.

¹⁰ Incomes Data Research (2020) *Pay thresholds in reward systems* (forthcoming).

- The different approaches taken by schools in terms of teachers' progression to the UPR and the responsibilities of UPR teachers, particularly in terms of differing practice between the primary and secondary phases, and whether greater consistency is desirable.
- Whether the UPR works coherently with the other elements of the teacher pay system that reward teachers as they gain experience and expertise and take on additional responsibilities, including TLR allowances and the leading practitioner pay range.
- The equalities implications of the current system, including evidence about the progression decisions for groups of teachers with protected characteristics under the Equalities Act 2010 and whether the pay threshold is operated in a fair and transparent manner.

Impacts on the wider pay system

4.36 The pay system for teachers should provide a clear and coherent framework that supports, rewards and incentivises teachers at all stages of the multiple pathways that they may take in their careers. It is important that all elements of the pay system work together in a complementary and coherent manner. The changes to the classroom teacher pay structure we have considered above are likely to mean that further consideration needs to be given to other elements of the pay system. These include the teaching and learning responsibility (TLR) payments, which reward teachers for additional leadership and management responsibilities, and the leading practitioner pay range, which rewards excellent classroom teachers. We have set out our views on next steps in reviewing other elements of the pay system in Chapter 6.

CHAPTER 5

Our conclusions and recommendations for 2020/21

5.1 This chapter provides the School Teachers' Review Body's recommendations to the Prime Minister and Secretary of State on changes to the teacher pay and allowance framework for 2020/21.¹ It first sets out the evidence and considerations we have taken into account, before providing our overall conclusions and recommendations.

Pay review for 2020

5.2 The Secretary of State wrote in September 2019 to ask us to make recommendations on:

- *An assessment of the adjustments that should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole and in the light of [the Secretary of State's] views on the need for an uplift to starting salaries.*
- *Additional advice to schools on the performance-related pay progression pathway for classroom teachers including advisory pay points on the main and upper pay ranges. Your views on the role of progression to the upper pay range and the continued case for separate main and upper pay ranges.*

5.3 When determining our recommendations on these matters, 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.
- The Government's commitment to the autonomy of 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.

5.4 When determining our recommendations on the remit matters, we have given detailed consideration to the evidence provided by our consultees and our own analyses. Alongside this, we have also taken account of the potential impacts of coronavirus (COVID-19), such as it is possible to determine at this time.

5.5 Chapter 1 of this report sets out the context to the remit for this year, describing the current system for teachers' pay and conditions and how this has developed and also explains our approach to considering the remit. We carefully considered the written and oral representations made by our consultees when reaching our conclusions, and the key points raised in these representations are set out in Chapter 2. Our recommendations were also informed by our own analyses of the evidence available about the teacher labour market and school funding and finances, which are provided in Chapter 3.

¹ Throughout this report, dates in the format '2020/21' refer to the academic year (September to August). Dates in the format '2020-21' refer to the financial year (April to March).

Before determining our specific recommendations for changes to the pay and allowance framework for teachers for 2020/21, we considered the objectives of an effective classroom teacher pay structure. Our views on these objectives and how they apply to the remit matters we have been asked to consider are set out in Chapter 4.

The teacher labour market

The evidence on teacher recruitment and retention

- 5.6 Our recent reports have expressed concerns about persistent challenges to teacher supply. Recruitment targets have been repeatedly missed and retention rates have fallen for teachers at all career stages. As a result, schools across England have found it harder to maintain the effective teacher workforce that is required to deliver excellent pupil outcomes.
- 5.7 The representations we received from our consultees this year showed a consensus that there were significant issues with teacher supply in England that need to be addressed urgently. However, there were some differences in consultees' assessments of the extent and nature of these issues. The Department stated that the teacher supply situation was a challenge, while many of our consultees characterised this as a crisis. All parties expressed strong concern about teacher recruitment. While the Department stated that there were particular issues with the retention of early career teachers, many of our other consultees emphasised that there were significant pressures in teacher retention at all career stages.
- 5.8 On our school visits in 2019, many of the school leaders we spoke to told us that they faced challenges in recruiting teachers. Most secondary head teachers we met told us of significant difficulties in recruiting teachers for certain subjects and several primary heads reported a perceived decline in the quality of applicants to posts in their schools. The teachers we spoke to identified a number of factors that had led their colleagues to leave the profession, including workload, pay, work/life balance and a lack of flexible working opportunities. Our visits this year suggested that local factors – such as housing costs, infrastructure and transport links, and pupil demographics – also have a significant impact on teacher supply issues.
- 5.9 In Chapter 3, we considered the evidence on teacher recruitment and retention. We observed that:
- The overall target for postgraduate initial teacher training (ITT) was missed in 2019/20 for the eighth successive year, with 89 per cent of the target number of trainees recruited. The targets for both primary and secondary were missed, with 96 per cent and 85 per cent of the target numbers of trainees recruited respectively. (Chapter 3 – Paragraph 3.42 and Table 4)
 - The individual postgraduate ITT targets for most subject specialisms were missed in 2019/20 and targets for some of these specialisms have been persistently missed for several years. There were also significant shortfalls for some subjects in 2019/20 – for example, only 64 per cent of the target for mathematics trainees and 43 per cent of the target for physics trainees were recruited. (Chapter 3 – Paragraph 3.43 and 3.44 and Figures 15 and 16)
 - The overall leaving rate was 9.8 per cent in 2018, with 42,073 full-time equivalent (FTE) teachers leaving the profession. This was slightly lower than in 2017, when the rate was 10.2 per cent (44,376 FTE teachers). (Chapter 3 – Paragraph 3.19)
 - Leaving rates are particularly high for teachers in their first three years in the profession. The retention rates for early career teachers have also deteriorated in recent years. For example, 73 per cent of teachers who joined in 2015 were retained after 3 years, while the corresponding figure for the 2010 cohort was 78 per cent. (Chapter 3 – Paragraphs 3.24 and 3.25 and Figure 10)

- Considering those leaving the profession by age, the numbers leaving increased between 2011 and 2018, except for teachers aged 55 and over. (Chapter 3 – Paragraph 3.21 and Figure 6)
- Leaving rates are higher for teachers who qualified in London than for the rest of England. For example, after five years' service, nearly 40 per cent of the 2012 NQT cohort in London had left the profession whereas 29 per cent of the 2012 cohort of NQTs in the rest of England were no longer in service after the same period. (Chapter 3 – Paragraph 3.30 and Figure 13)
- The secondary school population is projected to increase by around 15 per cent from 2.8 million in 2018 to 3.3 million in 2025. Demand for teachers is expected to rise in the coming years due to these increasing pupil numbers. (Chapter 3 – Paragraph 3.14 and Figure 2)

The evidence on teachers' earnings

- 5.10 The STRB's reports over the last five years have raised concerns about the competitiveness of the pay framework for teachers in comparison to earnings in the graduate labour market. Our 29th report (July 2019) found that pay for teachers at all career stages lagged behind that available in other graduate professions. We concluded last year that the relative decline in teacher pay levels over the previous decade had been a significant contributory factor in the deterioration of the state of teacher supply.
- 5.11 The Department's evidence focused on the competitiveness of starting pay for teachers in comparison to other UK graduate professions and to teacher pay in other OECD countries. It concluded that pay for early career teachers was less competitive than pay for experienced teachers and school leaders. In oral representations, the Secretary of State told us that starting pay for teachers in England had fallen out of line with the graduate market. Most other consultees shared the view that starting pay for teachers was not competitive in the UK graduate labour market. However, many concluded that pay levels for experienced teachers also lagged behind the earnings of those with similar levels of experience in other professional occupations in the UK. The unions representing teachers and school leaders also focused on the decline in real-terms earnings for teachers at all career stages since 2010.
- 5.12 We discussed teachers' earnings with the teachers and school leaders who we met on our 2019 school visit programme. There were mixed views on the competitiveness of teachers' pay. Some teachers and school leaders told us that their peers in other professions earned significantly more than them, while others reported that their earnings were relatively competitive within their local labour market. We heard significant concerns expressed by teachers in some of the areas we visited about housing costs. Some head teachers in these areas reported that the high cost of living made it difficult for them to retain teachers.
- 5.13 We assessed the evidence available about the competitiveness of teachers' earnings in Chapter 3, where we observed that:
- Overall, starting pay for teachers remains below the median of starting salaries offered by graduate employers in the UK. For 2019, the Institute of Student Employers (ISE) reported median graduate starting salaries of £29,000 and High Fliers reported median starting pay of £30,000. (Chapter 3 – Paragraph 3.50 and Table 5)
 - Regional data from ISE indicates that median graduate starting salaries in London were £30,500 in 2019 and the median starting salaries in other English regions ranged between £25,000 and £26,500. While these data are based on a relatively

small number of organisations, it suggests that the gap between teachers' starting pay and median starting pay for other graduate professions is not as great as the national median figures indicate. (Chapter 3 – Paragraph 3.51 and Table 6)

- Our analysis of the Department's Longitudinal Educational Outcomes (LEO) data on graduate earnings suggests teachers in areas of England outside London can expect pay growth in their first ten years in the profession to be on a par with the median earnings growth for all graduates over the same interval. However, the typical pay growth for teachers in London over their first ten years is significantly lower than the median earnings growth for all graduates in the capital. (Chapter 3 – Paragraphs 3.56 to 3.60 and Figures 17 and 18)
- The relative positions of the minimum of the main pay range (MPR), the minimum and maximum of the upper pay range (UPR) and the minimum of the leadership group pay range have deteriorated relative to the distribution of earnings for those in *professional occupations*² between 2010/11 and 2018/19. The maxima of the MPR and the Leadership Group pay range have retained their relative positions (Chapter 3 – Paragraph 3.61 and 3.62 and Figure 19)
- In 2018/19, teachers' median earnings were below those of the comparator group in each age band, both in London and the rest of England. The gaps between teachers' earnings and those of the comparator group are greatest in London. (Chapter 3 – Paragraph 3.63 and Figures 20 and 21)

Potential impact of COVID-19

- 5.14 It is clear that the major economic shock resulting from COVID-19 will have a significant impact on the teacher labour market. There is considerable uncertainty about how substantial and long lasting the effects of COVID-19 will be, but we have considered the evidence that is available to form an initial assessment.
- 5.15 None of our consultees revised the proposals set out in their written submissions for the 2020/21 pay award in the light of the impact of COVID-19. The Secretary of State, in his oral representations, emphasised the Government's commitment to raise the starting salary for teachers to £30,000 by 2022/23 and confirmed that the three year settlement for schools set out in the 2019 spending round was still in place.
- 5.16 The latest data published by UCAS on applications for postgraduate ITT courses for 2020/21 indicate that the number of applicants in England was 4.2 per cent higher in May 2020 than at the corresponding point in the previous annual cycle (Chapter 3 – Paragraph 3.46). However, it is too early to draw firm conclusions from this and there is no other direct evidence available about the impact of COVID-19 on teacher supply.
- 5.17 The unique nature of the shock caused by COVID-19 on the wider economy makes it difficult to make confident predictions about its impact on teacher supply. However, the 2008 global financial crisis provides some relevant indicators about how teacher supply and the UK graduate labour market was affected by a previous major global economic downturn. We observe that:
- The headline postgraduate ITT targets were exceeded in 2008/09 (102 per cent), 2009/10 (108 per cent), 2010/11 (107 per cent) and 2011/12 (104 per cent). The number of applicants increased sharply from 51,600 in 2008 to 63,100 in 2009 and 67,300 in 2010. This number then fell back to 61,900 in 2011 and to 55,500 in 2012.³

² As defined in the Standard Occupational Classification (SOC) 2010.

³ Department for Education ITT data cited in the STRB's 25th report (March 2015) and Graduate Teacher Training Registry data cited in the STRB's 22nd Report (June 2013).

- Headline teacher wastage fell from 9 per cent in 2008/09 to 8.4 per cent in 2009/10. It then increased to 9.2 per cent in 2010/11 and increased further in subsequent years.⁴
- The Association of Graduate Recruiters (AGR, now ISE) recorded a freeze in the numbers of graduates recruited in 2008 following several years of healthy growth. This was followed by a 9 per cent decrease in 2009 before recruitment picked up in 2010 (9 per cent increase) and 2011 (2 per cent increase). AGR also recorded a zero increase to median graduate starting pay in 2009, 2010 and 2011.⁵
- Recent research conducted by the Resolution Foundation⁶ and the Institute of Fiscal Studies⁷ considered the impacts of previous recessions on education leavers. This research concluded that previous recessions, including in 2008, have resulted in both higher unemployment and lower earnings for young people leaving education at the time of the recession. These impacts can endure for several years. For graduates, this has often taken the form of having to accept lower grade work than might have been available in a non-recession climate.

5.18 We have also carefully considered the information available on the potential impact of COVID-19 on the wider economy. The Office for Budget Responsibility (OBR) and the Bank of England have both constructed scenarios to illustrate the effects of the COVID-19 on the economy. We note that these are scenarios and not forecasts and are based on a number of assumptions, including about the speed at which lockdown is reversed. We observe that:

- OBR has modelled a contraction of 13 per cent in the size of the economy in 2020, with the Bank of England suggesting a contraction of 14 per cent. (Chapter 3 – Paragraph 3.5)
- CPI inflation was 0.8 per cent in April 2020, the lowest for nearly four years, and is expected to fall further this year. The Bank of England predicts that CPI inflation will fall to zero at the end of 2020. (Chapter 3 – Paragraph 3.6)
- The Bank of England expects the unemployment rate to rise from 3.9 per cent in the first quarter of 2020 to 9 per cent in the second quarter, which would be the highest rate since 1994. (Chapter 3 – Paragraph 3.8)
- The Bank of England estimated that average weekly earnings growth would fall from 3.0 per cent in 2019 to -2.0 per cent in 2020. (Chapter 3 – Paragraph 3.9)

5.19 We have also considered recent surveys of both employers and final years students which suggest employers are already taking decisions to reduce their planned 2020 recruitment:

- Research conducted by ISE in March 2020 found that 27 per cent of the graduate employers surveyed stated that they would be recruiting fewer graduates as a result of COVID-19. Employers also expressed concerns about severe disruption to recruitment processes.⁸

⁴ Department for Education (2015) *School Workforce in England: November 2014* (additional tables C1a) – <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2014>

⁵ Association of Graduate Recruiters (AGR, now ISE) (2012) *Summer Review 2012*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>

⁶ Resolution Foundation (2020) *Class of 2020, Education Leavers in the current crisis* – <https://www.resolutionfoundation.org/publications/class-of-2020/>

⁷ Institute of Fiscal Studies (2020) *A bad time to graduate* – <https://www.ifs.org.uk/publications/14816>

⁸ Institute of Student Employers (2020) *COVID-19 Challenges for student recruitment and development*. Available to ISE members: <https://ise.org.uk/page/ISEPublications>

- A survey conducted by Prospects Luminate in the UK in March and April 2020 to examine the impact of COVID-19 on graduate recruitment found that, of the final-year university students who responded, around 28 per cent reported having a job offer deferred or cancelled.⁹

5.20 In addition, there is some early evidence of pay settlement deferrals and pay freezes:

- A survey conducted by Incomes Data Research in March and April 2020 found that, while just over half of the organisations responding to the survey had decided to honour their agreed 2020 pay award, 27 per cent of the remainder had deferred their pay award until later in the year while 22 per cent had decided to freeze pay.¹⁰
- XPerTHR conducted a survey of organisations in May 2020 which found that around a quarter of respondents did not expect COVID-19 to have an impact on their organisation's approach to pay in 2020 and around a third were unsure or felt it was too soon to say. XPerTHR reported that there were two clear approaches to pay awards from those organisations that did expect an impact from the COVID-19: organisations that can already say that there will be a pay freeze (around 17 per cent of respondents), and those who have put any review on hold (around 16 per cent of respondents).¹¹

Our conclusions on the teacher labour market

5.21 The STRB has highlighted negative trends in the state of teacher recruitment and retention over a number of years in its recent reports. The evidence for this year shows that, while there has not been a sharp deterioration since 2019, some indicators have continued to worsen and the evidence of improvement is very limited. The problems with teacher supply are severe and persistent. The overall target for recruitment to postgraduate ITT has been missed for eight consecutive years. Retention rates have also worsened across the teaching profession over the last decade. While the deterioration in retention rates is most marked for early career teachers, our analysis shows increasing numbers of teachers in the age groups of 35 to 44 and 45 to 54 leaving the profession. This indicates that there are also growing challenges in retaining experienced classroom teachers and those in middle and senior leadership roles.

5.22 The extent of the challenges faced by schools in terms of teacher recruitment and retention vary. The evidence indicates that the challenges are more significant in the secondary sector. There is also clear evidence that retention rates for teachers in London are lower than for the rest of England. Alongside this, research indicates that London schools experience a steady outflow of experienced teachers in their thirties and forties leaving to teach elsewhere in England.¹²

5.23 Overall, we conclude that the teacher supply situation remains of significant concern. This is particularly true in the context of the forecast increases in secondary pupil numbers in the coming years. This means that there will need to be a significant year-on-year improvement to meet future demands, especially in the secondary sector.

5.24 In its recent reports, the STRB has also raised concerns that the teacher pay framework is lagging behind earnings available in other graduate professions, both in terms of starting pay and pay for experienced teachers. We find no evidence of a significant improvement in the competitiveness of the teacher pay framework over the last year. Over the longer

⁹ Prospects Luminate (2020) *Graduating into a pandemic: the impact on university finalists* – <https://luminate.prospects.ac.uk/graduating-into-a-pandemic-the-impact-on-university-finalists>

¹⁰ Incomes Data Research (2020) *Half of employers honour 2020 pay awards despite the pandemic* – <https://www.incomesdataresearch.co.uk/resources/viewpoint/half-of-employers-honour-2020-pay-awards>

¹¹ XPerTHR (2020) *Pay freeze for one in 10 private-sector pay groups* – <https://www.xperthr.co.uk/pages/press-releases/>

¹² National Foundation for Educational Research (2018) *Teacher Supply, Retention and Mobility in London* – <https://www.nfer.ac.uk/teacher-supply-retention-and-mobility-in-london/>

term, the position of the teacher pay framework and the median earnings of teachers in all age groups have both deteriorated relative to those working in other *professional occupations*. The gap between pay levels for teachers and those of other graduate professions remains significant.

- 5.25 The considerable economic and labour market uncertainty arising from COVID-19 makes it difficult to predict confidently the state of the teacher labour market in the future. However, taking account of the forecasts and evidence that is available, we consider it likely that there will be some easing of the pressures on teacher supply in the short term. Fewer graduate job opportunities and restricted earnings growth in other sectors will make teaching a more attractive option for graduates and career changers and may therefore support an improvement in teacher recruitment. The weakened labour market in the UK and elsewhere may also contribute to higher retention rates among current teachers. However, it is not clear how substantial and long lasting an impact this will have on teacher recruitment and retention.

Considerations of affordability

- 5.26 The remit letter stated that the STRB must have regard to the need to ensure that any proposals are affordable across the school system as a whole. We have therefore given consideration to affordability, alongside the other factors raised in the remit letter, when determining our recommendations.
- 5.27 In terms of the overall levels of funding for schools, there has been a real-terms increase in schools funding in 2020-21. The 2019 Spending Round also announced a funding settlement for 2021-22 and 2022-23 which would deliver a significant improvement in the overall level of funding for schools. Analysis by the Institute of Fiscal Studies in 2019 indicated that this settlement would return average per-pupil funding to 2009-10 levels in real terms by 2022-23. (Chapter 3 – Paragraph 3.65 to 3.66)
- 5.28 Within this overall increase in schools funding, there is considerable variation in the changes in funding levels for individual schools in 2020-21. Our analysis of changes in the National Funding Formula (NFF) allocations for schools between 2019-20 and 2020-21 indicates that the median increase in per-pupil funding is 4.54 per cent and the mean increase is 5.59 per cent. However, 25 per cent of primary schools and 26 per cent of secondary schools will receive only the minimum 1.84 per cent increase in their notional per-pupil NFF funding. We note that schools' funding levels are determined by local authorities in line with their local funding formulae, so these analyses of NFF allocations may not reflect the actual funding levels for schools. (Chapter 3 – Paragraphs 3.74 to 3.76)
- 5.29 We also considered the evidence on the current state of school finances. The latest data available for local authority maintained schools is for 2018-19, and this indicates that around 90 per cent of schools had an accrued budget surplus and around 10 per cent had an accrued budget deficit. While the proportion of schools with accumulated deficits has fallen slightly since 2017-18, the average level of deficit has increased. At the same time, the average level of accumulated surplus for schools with financial reserves has increased. (Chapter 3 – Paragraphs 3.77 to 3.79)
- 5.30 The Department's written submission set out its view that a pay award for 2020/21 that resulted in a 3 per cent increase in total teacher pay bill was appropriate. In oral representations, officials told us that they were confident that schools could afford this but an increase in excess of 3 per cent would be difficult for some schools to manage. The Secretary of State told us that schools had faced a more restrained funding environment in recent years and emphasised that it was important in this context that schools' budget increases provided some headroom for expenditure on areas other

than teacher pay. A majority of our other consultees also reported that schools had faced funding challenges in areas other than teacher pay in recent years and that it was necessary to use the new funding for 2020-21 to address the impacts of these challenges. However, ASCL, NAHT, NEOST, the NEU, NGA and Voice contended that all of the additional funding for schools was required to address these issues and that the Department should therefore provide additional funding to fully cover the costs of uplifts to teachers' pay in 2020/21. The NASUWT took a different position and stated that there were sufficient funds in the school system for a substantial increase to teachers pay.

- 5.31 Overall, we conclude that there has been a significant increase in per-pupil school funding for 2020-21 compared to 2019-20. It is difficult and complex, however, to form a clear assessment of affordability across the school system as a whole due to several factors:
- There is considerable variation in the level of notional increases in per-pupil funding for individual schools under the NFF. Furthermore, these NFF allocations do not necessarily exactly reflect the actual funding allocations for schools as these are determined by local authorities' individual funding formulae.
 - The cost of any differentiated uplift will differ for individual schools depending on their current staffing structures. School leaders and governing bodies have flexibility about how they implement adjustments to the statutory pay framework which may also affect the overall cost.
 - Schools have autonomy in setting their budgets. As a result, school leaders and governing bodies can choose to flex the proportion of their overall budget that they allocate to expenditure on teachers' pay.
 - It is not yet clear the extent to which the impact of COVID-19 has resulted in unexpected cost pressures for some schools.
- 5.32 Schools have seen an increase in their funding for 2020-21, with further increases due in 2021-22 and 2022-23 under the three-year settlement provided by the 2019 spending round. Given the extent of the challenges in teacher supply, the STRB considers that schools should place significant priority on teacher pay when setting their budgets. A substantial proportion of the new funding should therefore be dedicated to addressing teacher recruitment and retention through the 2020/21 pay award. What this will mean for individual schools, however, will vary considerably and it is for school leaders and governing bodies to decide on this, taking account of their individual circumstances.

Our conclusions and recommendations for 2020/21

- 5.33 Having summarised the evidence that we considered and the conclusions that we have drawn from this, we now set out below our recommendations for 2020/21 and our rationale for these.
- 5.34 An effective education system in England depends on schools across the country being able to recruit and retain enough high-quality teachers. The teacher pay system is a central factor in achieving this. The national pay framework must attract both good graduates and career changers to join the teaching profession, support and retain classroom teachers as they gain expertise and experience, and reward high performance, teaching excellence and capability. For those who choose to progress into leadership, the pay system should reward and incentivise those who take on additional management or leadership responsibilities at all levels.
- 5.35 There have been persistent problems with teacher supply over a number of years which has caused many schools significant challenges in maintaining an effective teacher workforce. This presents a significant risk to the effectiveness of the system as a whole

and its ability to deliver excellent pupil outcomes. We conclude that the deterioration in the competitiveness of the teacher pay framework relative to other graduate professions over the last decade is a key factor in driving these negative trends in teacher recruitment and retention.

- 5.36 The representations we received from the Department and our other consultees show that there is a consensus that action on teacher pay needs to be taken now to address the teacher supply situation. We agree with this consensus and consider it especially important given the increased demand for teachers as a result of rising numbers of secondary pupils over the coming years.
- 5.37 The impact on COVID-19 on the wider labour market may ease some of the pressures on teacher supply in the short term. A weakened graduate labour market is likely to improve recruitment and reduce teacher wastage in the short term. But the demand for graduates and the wider labour market would be expected to recover fully in the medium term, at which time teacher supply problems are likely to re-emerge unless action is taken. There is an opportunity to secure a significant improvement in the competitiveness of the teacher pay framework over the next two to three years to ensure that the teaching profession is better placed to attract and retain good teachers both now and in the future as the economy recovers.
- 5.38 As set out in Chapter 4, we see merit in moving to a pay structure for classroom teachers with significantly higher starting pay and a relatively flatter pay progression profile. There are particularly acute challenges in teacher recruitment and the retention of teachers in their first few years in the profession. Focusing on these challenges through placing greater priority on pay for early career teachers will help to improve recruitment and retention in the longer term, particularly when accompanied by effective action to address the non-pay factors driving early career wastage.
- 5.39 It is also important that the levels of pay for experienced teachers and school leaders are competitive relative to the earnings of those in other UK graduate professions. Our analyses indicate that the earnings of experienced teachers lag behind those with similar experience in other *professional occupations*. We have significant concerns about the negative consequences for retention of increasing this gap. It is vital for educational outcomes to retain a strong and diverse pool of experienced teachers and to ensure there is an effective pipeline for leadership roles. We therefore conclude that action is also necessary to improve the competitiveness of pay for experienced teachers and school leaders.
- 5.40 A further consideration is that the transition to a flatter pay progression profile involves experienced teachers receiving smaller pay uplifts than their more junior colleagues and this risks adversely affecting their morale and motivation. Many of our consultees have contended that this would lead to greater numbers of experienced teachers and school leaders leaving the profession. Given the high proportion of the teacher workforce who are on the UPR and leadership group pay range, it would only take a relatively small increase in their wastage rates to result in a substantial number of teachers leaving the profession. This is of particular concern at the present time when experienced teachers and school leaders are essential in ensuring the school system adapts to the effects of the COVID-19 pandemic.
- 5.41 The Department also proposes relatively smaller percentage uplifts to starting salaries in the Inner London, Outer London and London fringe pay bands. However, the evidence shows that retention rates for early career teachers are already significantly lower in London than for other regions of England. These problems would be exacerbated by applying a smaller uplift to early career pay in London and reducing the differentials between the pay levels of teachers in the capital and those of teachers elsewhere in England.

5.42 These considerations lead us to conclude that action must be taken this year to apply a substantial uplift to the teacher pay framework that places greater priority on starting salaries and pay for early career teachers. However, we are not convinced that the Department's proposal for 2020/21 strikes the right balance between increases in pay for early career teachers and increases for experienced teachers and school leaders. In the light of our concerns about the transitional risks relating to the motivation, morale and retention of experienced teachers and the need to ensure the competitiveness of pay levels on the UPR and leadership group pay range, we conclude there should be a relatively smaller uplift to the minimum of the MPR and relatively larger increases to the other statutory points in the pay framework than the Department has proposed. Taking account of the particularly acute retention challenges in London, we conclude that the same percentage uplifts should be applied to the Inner London, Outer London and London fringe pay bands as to the rest of England pay band.

Our recommendations

- 5.43 **For September 2020, we recommend the minimum of the MPR is increased by 5.5 per cent. We recommend that the maximum of the MPR and the minima and maxima of all other pay and allowance ranges for teachers and school leaders are uplifted by 2.75 per cent. We recommend that these uplifts apply to all four regional pay bands.** This will provide a significant increase in pay levels for NQTs and early career teachers to support recruitment and address the very high rates of early career wastage. At the same time, with inflation expected to be close to zero and average earnings growth expected to be negative in 2020, an uplift of 2.75 per cent to other elements of the pay structure will make the framework as a whole more competitive relative to other *professional occupations* to support the retention of experienced teachers and school leaders.
- 5.44 As we set out in Chapter 4, we agree with the consensus among our consultees that reintroducing pay points on the MPR and UPR would have a positive impact on the teacher workforce. Teacher supply issues are strongly influenced by local factors, so it is important that school leaders and governing bodies retain flexibility to set pay policies in response to the context of their local labour market. We therefore conclude that pay points should be advisory.
- 5.45 **We recommend advisory pay points are reintroduced on the MPR and UPR from September 2020.** This will provide greater clarity about the pay progression that most classroom teachers can expect to see as their careers progress. It will also provide guidance to school leaders and governing bodies to support them to make their decisions about pay in their schools. It will be for school leaders and governing bodies to decide whether to use advisory points.
- 5.46 For 2020/21, our priority is to introduce advisory pay points in a manner that minimises the challenges to schools in terms of implementation and we therefore conclude that the STRB should set out its views on the pay point structure to help achieve this. Most schools currently set pay policies based on those circulated annually by the teacher and school leader unions¹³ and some local authorities, so we conclude that we should use this guidance for 2019/20 as the starting point for our recommendations on the advisory pay point structure for 2020/21. As our recommendations in paragraph 5.43 above involve different levels of uplift to the minimum and maximum of the MPR, this will necessarily require changes to the differentials between points on the MPR compared to the 2019/20 pay guidance. We conclude that the simplest approach to implementation

¹³For example, joint union guidance is produced by ASCL, NAHT, the NEU and Voice (<https://neu.org.uk/media/5976/view>) and guidance is produced by the NASUWT (<https://www.nasuwt.org.uk/advice/pay-pensions/pay-scales/england-pay-scales.html>).

will be for the increases to points M2 to M5 to reduce in equal steps from the level of increase to the MPR minimum (M1) to the level of increase to the MPR maximum (M6).¹⁴ A uniform uplift of 2.75 per cent should be applied to the three points on the UPR.

5.47 We recommend that the levels of advisory points on the MPR and UPR for 2020/21 are those set out in the table below.

	Rest of England	London Fringe	Outer London	Inner London
M1	£25,714	£26,948	£29,915	£32,157
M2	£27,600	£28,828	£31,604	£33,658
M3	£29,664	£30,883	£33,383	£35,226
M4	£31,778	£32,999	£35,264	£36,866
M5	£34,100	£35,307	£38,052	£39,492
M6	£36,961	£38,174	£41,136	£42,624
U1	£38,690	£39,864	£42,559	£46,971
U2	£40,124	£41,295	£44,133	£49,279
U3	£41,604	£42,780	£45,766	£50,935

Implementation and next steps

- 5.48 Our recommendations on advisory pay points, as detailed above, provide guidance that school leaders and governing bodies will wish to consider, but it remains their responsibility to determine how to implement the changes to the national pay and allowance framework arising from our recommendations in their schools. They will determine pay for individual teachers in line with the statutory provisions of the STPCD and their schools' pay policies.
- 5.49 Our decisions on these recommendations have taken account of our conclusions on affordability, as set out above. We estimate that our recommendations would result in increases in the overall teacher pay bill of approximately 3.1 per cent for the rest of England and London fringe pay bands and approximately 3.2 per cent for the Inner London and Outer London pay bands. However, the costs of these recommendations will vary for individual schools according to their staffing structures and the decisions that school leaders and governing bodies make about implementation.
- 5.50 The Department's submission, in addition to its proposals for 2020/21, sets out its views on further steps to increase starting pay and further flatten the pay progression structure in 2021/22 and 2022/23. In written evidence and oral representations, the Secretary of State emphasised his strong commitment to delivering a starting salary for teachers in the rest of England of £30,000 by 2022/23. Given the very significant uncertainty about the state of the economy and of the public finances in the coming years as a result of COVID-19, our consideration of the approach on teachers' pay in 2021/22 and 2022/23 will need to take account of the evidence available at the time to evaluate the continued case for further increases to starting pay and flattening of the pay progression profile.

¹⁴ Under this approach, the MPR minimum (point M1) is increased by 5.5 per cent and the MPR maximum (point M6) is increased by 2.75 per cent. M2 would increase by 4.95 per cent, M3 by 4.4 per cent, M4 by 3.85 per cent and M5 by 3.3 per cent.

CHAPTER 6

Further observations

- 6.1 This chapter sets out the STRB's views on broader matters outside of the current remit relating to teachers' pay and conditions. These include our views on matters that it may be necessary to address in future remits or that could be relevant to the work of the Review Body in the coming years.

The classroom teacher pay structure

- 6.2 The current remit asked us to make recommendations on reforms to the classroom teacher pay structure. As we have set out in Chapter 4, we believe that further consideration of some elements of this structure is required to make sure that it effectively meets the main objectives of the pay system. It is important that the pay system provides a clear progression route for teachers, while also supporting the multiple pathways that teachers may take in their careers. The system should support teacher development and, in line with the career structure, set out how teachers can progress, both recognizing high performance and teaching excellence and rewarding teachers taking on management and leadership responsibilities.
- 6.3 We set out our views on the future of the main pay range (MPR) and upper pay range (UPR) in Chapter 4. It is our view that having a threshold to recognise the capability of experienced teachers and reward their wider contributions can serve a useful purpose in the classroom teacher pay structure. A further, more detailed, review is needed to ensure that this part of the pay system is operating in a manner that most effectively supports teacher recruitment, retention, development and career progression.
- 6.4 We have recommended this year the reintroduction of advisory pay points on the MPR and UPR. This will help to provide greater clarity about pay and career progression, while also giving school leaders and governing bodies additional guidance to support them in developing pay policies for their schools. Establishing more detailed guidance about pay progression for classroom teachers provides an opportunity, in the longer term, for aligning the structure of advisory pay points more coherently with the key stages of teachers' careers. We consider such an approach would ensure that the pay structure more effectively supports teachers' career progression.
- 6.5 Such a review of the pay progression structure for classroom teachers would also raise wider issues about the pay system. The link between pay progression and performance appraisal is important in ensuring that teachers are rewarded as they gain experience and become more effective. In the context of changes to the pay structure, it will be necessary to review this element of the system to ensure that it focuses on development and improving teacher standards and operates in a proportionate and fair manner. The pay structure for classroom teachers must also operate coherently alongside the other pay and allowance ranges that reward excellent and highly skilled teachers and those who take on additional responsibilities in their schools. There will therefore be benefits in considering the leading practitioner pay range and teaching and learning responsibility (TLR) allowances to ensure that these work effectively as part of a reformed pay structure that rewards teachers as they progress on the multiple career paths available in the profession.
- 6.6 **Our consideration of the current remit has highlighted the need for a further review of elements of the classroom teacher pay structure. These include the pay progression structure on the MPR and UPR and the role of the UPR in this structure,**

the system for linking pay progression to performance appraisal and the role of the leading practitioner pay range and TLRs. The STRB would welcome the opportunity to consider these issues as part of a future remit.

The leadership pay structure

- 6.7 As we have set out in previous reports, we see a need to review key elements of the leadership pay structure. The last substantial review of this structure was in 2014 (23rd report). We believe that it will be timely to review this structure again soon to ensure that it can work as effectively as possible in recruiting, retaining and motivating the excellent school leaders who are essential to the education system. As we have noted in previous reports, we see a case for reviewing a number of elements of the current provisions for leaders in the School Teachers' Pay and Conditions Document (STPCD) in the light of changes to the wider school system since 2014. Our view has been reinforced by the evidence we have gathered and the representations we have received from our consultees on the current remit. The wider questions that require consideration include the factors determining pay for school leaders and the differentials on the leadership scale. **We invite the Department to consider setting a remit for the STRB to review the leadership pay structure set out in the STPCD.** It is clear that the pay structure for leaders must work effectively alongside the classroom teacher pay structure in providing a clear progression route for those teachers who wish to move into leadership roles. As a result, there is a case for reviewing the leadership structure alongside the classroom teacher structure. However, careful consideration would need to be given to the potential challenges such an approach would cause in terms of implementation at school level.
- 6.8 Several consultees raised concerns in written and oral submissions about pay levels for school leaders and CEOs in the academy sector. Some have suggested that such posts should be brought under the scope of the STPCD. Consultees' representations also included proposals that a statutory pay range for school business managers should be established. It is for the Government to determine which posts are covered by the STPCD. If the Government wishes to refer to the STRB any additional matters relating to remuneration of teachers, school leaders or other staff in schools who are not covered by the STPCD, or to make amendments to the current arrangements, the Review Body would then consider these matters and provide its advice.

Equalities impacts of the pay system

- 6.9 Our consideration of the current remit included examining the potential equalities impacts of the Department's proposals for the classroom teacher pay structure. During oral representations, the Secretary of State emphasised that he wanted to ensure that the teacher pay system was as fair and transparent as possible. He told us that he had asked his officials to closely monitor the equalities impacts of these proposals, if implemented. **We welcome the priority that the Secretary of State has placed on equalities considerations and request that the evidence gathered by his Department about the impacts of the changes to the teacher pay structure arising from our recommendations is shared with the Review Body.**
- 6.10 In addition to the equalities impacts of changes to the classroom pay structure, it is also important that the equalities implications of the current teacher pay system as a whole are monitored. We have noted in previous reports the concerns expressed by a number of our consultees about elements of this system. In their representations on the current remit, several of our consultees again raised concerns, supported by survey evidence, about the pay system resulting in discriminatory outcomes for groups of teachers with certain protected characteristics, especially in terms of pay progression linked to performance appraisal. We note that the Department published in 2017 an

evaluation of the 2013 reforms to the teacher pay system. While this evaluation found no evidence that groups with protected characteristics were disadvantaged, it reported that further research was required to conclusively state if this was the case.¹ We stated in our 28th and 29th reports (July 2018 and July 2019 respectively), in the context of this finding, that further research should be conducted by the Department that focuses on the equality implications of the teacher pay system. The Department has, to date, not undertaken further research to examine these matters. **The Department should robustly monitor the equalities implications of the teacher pay system as a whole. This should include undertaking further research to ensure that there is clear and comprehensive evidence on these important issues.**

Timing of the annual pay round

- 6.11 In our 29th report (July 2019), we set out our view that the timescales for annual pay rounds should involve the Government publishing the STRB's reports and announcing its response to our recommendations well before the end of the schools' summer term. This is important to allow school leaders and governing bodies sufficient time to make important decisions about how to implement the changes to the STPCD that arise from our recommendations and communicate them to staff before the new school year begins. The current remit was received in September, which was significantly earlier than in previous years, and asked us to submit our recommendations by the end of April. **We commend the Department for the action they took to commence the pay round earlier in the year to allow schools more time to plan for the implementation of changes to the STPCD. We would like to see such an approach continued for future rounds.**
- 6.12 The pay round process was delayed this year, however, due to circumstances that could not have been anticipated at the outset. The General Election in December 2019 meant that our deadline for written submissions from consultees had to be pushed back. In addition, the impact of coronavirus (COVID-19) from March 2020 meant that we had to postpone a number of our oral evidence sessions with consultees. This meant that our report was delayed. We were able to minimise the impact on our timetable because our consultees all showed considerable willingness and flexibility in working to revised deadlines for submitting evidence and representations and adapting to new ways of working – for example, conducting oral evidence sessions by video conference. **We formally record our thanks to all our consultees for working with us to reduce the delays to the pay round process during a uniquely challenging period.**

¹ 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 the Secretary of State



Rt Hon Gavin Williamson CBE MP
Secretary of State

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18 September 2019

A handwritten signature in blue ink, appearing to read 'Gavin Williamson'.

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 29th report. From September, schools across England will be implementing new pay policies based on the recommendations of that report. I am now writing to ask for your recommendations on the 2020/21 pay award.

This government recently announced additional investment of £14 billion in primary and secondary education between now and 2022-23. We want to ensure this investment is supporting a world-leading education system. The teacher workforce and pay system are a crucial part of that and it is therefore important that the funding spent on pay is invested as effectively as possible to best address our recruitment and retention challenges. My view is that to achieve this a significant uplift in the starting salary of classroom teachers is required. The government has announced its intention to increase starting salaries to £30,000 nationally by September 2022. For London pay areas you will wish to set out recommendations on the appropriate higher starting salaries. Such starting salaries, as part of a package which includes 23.6% pension contributions, would put teacher pay where it belongs, amongst the most competitive in the graduate labour market.

It is important that alongside the significant increase to starting salaries, schools are supported to ensure spending on pay is as efficiently directed as possible. To that end, I

am asking you to set out additional advice to schools on the pay progression pathway for classroom teachers, including advisory pay points on the main and upper pay ranges, to support schools to address recruitment and retention challenges and reward good performance. My written evidence will present – based on the latest evidence and data - a strong case for schools to move towards a relatively flatter pay progression structure than is currently typical, alongside significantly higher starting and early career salaries. It will, of course, remain the case that schools will be responsible for determining increases in individual teachers' pay on the basis of a school-level assessment of performance.

Of course, in reaching your recommendations on 2020/21 pay award, you will want to ensure they are affordable within the funding settlement announced. It is critical that funding from the settlement is used as effectively as possible, supporting improved educational outcomes. My evidence will set out how a higher starting salary, alongside a revised pay progression structure, can be delivered in a way that is affordable across the school system as a whole whilst addressing the recruitment and retention challenges we face.

Considerations to which the STRB should have regard

In considering your recommendations on the 2020/21 pay award and the additional matters for recommendation set out below, 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 the autonomy of 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.

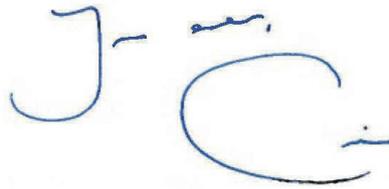
Matters for recommendation

I refer to the STRB the following matters for recommendation:

- An assessment of the adjustments that should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, within the bounds of affordability across the school system as a whole and in the light of my views on the need for an uplift to starting salaries.
- Additional advice to schools on the performance-related pay progression pathway for classroom teachers including advisory pay points on the main and upper pay

ranges. Your views on the role of progression to the upper pay range and the continued case for separate main and upper pay ranges.

I would be grateful if the STRB could aim to provide a report on this matter **during April 2020**. I look forward to receiving your recommendations on the 2020 pay award.

A handwritten signature in blue ink, appearing to read 'G. Williamson', written in a cursive style.

Rt Hon Gavin Williamson CBE MP
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 D and is referenced in Chapter 5. Below are also 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

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

Organisations representing 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 Services for England and Wales
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 18th September 2019 to invite them to submit written representations on the remit matters by 13th November 2019. In October 2019, the Government called a General Election for December 2019. As a result, it was necessary to change our deadline for initial written evidence submissions to 20th

January 2020. The following consultees made written submissions: ASCL,¹ BATOD,² the Department,³ NAHT,⁴ the NASUWT,⁵ NEOST,⁶ the NEU,⁷ NGA,⁸ and Voice.⁹ In addition, four of the teacher and school leader unions (ASCL, NAHT, the NEU and Voice) submitted a joint statement.¹⁰

- B5. Our secretariat shared all the consultees' written submissions and invited consultees to submit supplementary representations commenting on others' submissions by 17th February. Supplementary submissions were received from five consultees: ASCL,¹¹ NAHT,¹² the NASUWT,¹³ the NEU,¹⁴ and Voice.¹⁵ There was also a further joint submission from ASCL, NAHT, the NEU and Voice.¹⁶
- B6. The following consultees were invited to make oral representations: the Department, ASCL, NAHT, NASUWT, NEOST, the NEU, NGA and Voice. We initially planned to conduct all of these sessions in March 2020. However, as a result of coronavirus (COVID-19), some of these sessions had to be postponed and conducted by video conference. The oral representations sessions for all these organisations took place between March and May 2020.

Visits and Meetings

- B7. In total, we held 23 meetings of the Review Body between 27th September 2019 and 5th June 2020. In addition to these meetings, we also heard oral representations from eight organisations over six days.
- B8. 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 2019 visit programme. In 2019, members of the STRB visited Brighton, Bristol, Gloucestershire, Hastings, Newcastle and Surrey. In these areas, we visited six primary schools, six secondary schools and a university initial teacher training (ITT) provider. The STRB also met with representatives from five local authorities and one Regional Schools Commissioner (RSC). Visits were organised with the assistance of local authority officials, to whom we extend our thanks. The STRB would equally like to offer its thanks to all the schools and the university we visited, and the teachers, trainee teachers, school leaders, local authority officials and individuals involved in providing ITT we spoke to.

¹ <https://www.ascl.org.uk/ASCL/media/ASCL/Help%20and%20advice/Pay%20and%20Conditions/ASCL-Response-STRB-30th-Remit-fv.pdf>

² <https://www.batod.org.uk/wp-content/uploads/2017/11/STRB-2020-submission.pdf>

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/859208/STRB_Written_Evidence_2020.pdf

⁴ <https://www.naht.org.uk/news-and-opinion/news/pay-and-conditions-news/naht-submits-evidence-on-school-leaders-pay-increases-to-the-school-teachers-review-body/>

⁵ <https://www.nasuwt.org.uk/uploads/assets/uploaded/9908cf04-6ee8-4d10-a6b6306b86e62054.pdf>

⁶ <https://www.local.gov.uk/sites/default/files/documents/workforce%20-%20education%20and%20young%20people%20-%20school%20teachers%20-%20Final%20%20NEOST%20response%20to%20STRB%2030%20report%20%20January%202020.pdf>

⁷ <https://neu.org.uk/sites/default/files/2020-01/NEU%20evidence%20January%202020%20FINAL%20%28003%29.pdf>

⁸ [https://www.nga.org.uk/getattachment/About-Us/What-we-think/Consultation-Responses/2020-Consultations/School-Teachers-Review-Body-\(STRB\)/EVIDENCE-SUBMITTED-BY-NGA-to-STRB-JANUARY-2020-Final.pdf?lang=en-GB](https://www.nga.org.uk/getattachment/About-Us/What-we-think/Consultation-Responses/2020-Consultations/School-Teachers-Review-Body-(STRB)/EVIDENCE-SUBMITTED-BY-NGA-to-STRB-JANUARY-2020-Final.pdf?lang=en-GB)

⁹ <https://www.voicetheunion.org.uk/sites/default/files/STRB-response-Jan2020.pdf>

¹⁰ <https://neu.org.uk/media/8956/view>

¹¹ <https://www.ascl.org.uk/ASCL/media/ASCL/Help%20and%20advice/Pay%20and%20Conditions/STRB-30th-remit-ASCL-supplementary-evidence-February-2020-fv.pdf>

¹² https://www.naht.org.uk/_resources/assets/attachment/full/0/96816.pdf

¹³ <https://www.nasuwt.org.uk/uploads/assets/uploaded/9ddae702-dc1b-4933-9bd1d1d0afac457a.pdf>

¹⁴ <https://neu.org.uk/media/9101/view>

¹⁵ <https://www.voicetheunion.org.uk/sites/default/files/VOICE-SupplementaryEvidence-STRB-February2020.pdf>

¹⁶ <https://neu.org.uk/media/6366/view>

- B9. In January 2020, the chair and economist member of the STRB attended a meeting between pay review body chairs and economists and HMT officials.
- B10. As part of our evidence gathering process, we received presentations that provided us with information about the wider context to our consideration of teachers' pay and conditions. In September 2019, we received a technical presentation from two officials from the Department for Education about the pay modelling approach that they Department was developing. In October 2020, we received a presentation on the UK graduate labour market from Steve Munday (Ernst & Young). At the same meeting, we also heard from Alex Bryson, Hedvig Horvath and Jake Anders (UCL – Institute of Education) who provided a presentation on the initial findings of research they were conducting on the impact of 2013 teacher pay reforms on teacher pay and retention. In December, Richard Murphy (University of Texas at Austin) presented the findings on the research he and his colleagues had conducted on the impact of the 2013 teacher pay reforms.¹⁷ In March, Luke Sibieta (Education Policy Institute) gave a presentation by video conference on research he had conducted on teacher shortages in England.¹⁸ In May, Louisa Withers (Incomes Data Research) gave a presentation by video conference to present the initial findings of research she had conducted on behalf of the STRB on the use of pay thresholds similar to the MPR/UPR in other sectors outside teaching.¹⁹ We would like to thank all those who presented to us over this period.

¹⁷ Burgess, S., Greaves, E. and Murphy, R. (2019) *Deregulating Teacher Labor Markets*. IZA Discussion Paper No. 12592 – <https://ssrn.com/abstract=3449586>

¹⁸ Education Policy Institute (2020) *Teacher shortages in England: Analysis and pay options* – https://epi.org.uk/wp-content/uploads/2020/02/Teacher-shortages-and-pay_2020_EPI.pdf

¹⁹ Incomes Data Research (2020) *Pay thresholds in reward systems* (forthcoming).

APPENDIX C

Our consideration of the Department for Education's pay modelling

- C1. To support the development of its proposals for the classroom teacher pay structure, the Department produced a model that estimates the costs and potential retention benefits of different pay structures. Central to the way that this model estimates retention benefits is the concept of the *elasticity of the wastage rate with respect to pay*. Given the significance of the forecast retention benefits in the Department's rationale for moving toward a pay structure with higher starting pay and a flatter progression profile, this section addresses the concept of wastage elasticity, considers how elasticity estimates inform the outputs of the Department's model and examines the academic studies that underpin the Department's approach.

The concept of elasticity

- C2. Elasticity is an economic concept used to measure the percentage change in one variable in response to a one per cent change in another. For the purposes of its pay model, the Department considered the elasticity of teacher wastage in response to pay rises. This means that elasticity was used to assess the expected percentage change to teacher wastage rates that occur as a result of increasing teacher pay by a given percentage. The elasticity estimates addressed below are negative numbers as wastage is expected to fall if teachers are paid more. For example, an elasticity of -1 would mean that a 10 per cent increase in pay resulted in a 10 per cent decrease in wastage. A greater elasticity, as demonstrated by a more negative number, means that changes in pay will result in a larger reduction in wastage.

Academic literature on wastage or turnover elasticities for teachers

- C3. Academic literature on elasticities relevant to the Department's model provides a range of different results as they are based on different assumptions and methodologies. In particular a number of studies focus on the elasticity of turnover, as opposed to wastage, with respect to pay. Table 1 below provides details of the seven studies referenced in the Department's submission.

Table 1: Academic literature on wastage-to-pay and turnover-to-pay elasticity for teachers¹

Study	Wastage-to-pay elasticity	Turnover-to-pay elasticity	Focus of the study
Allen <i>et al</i> (2016) <i>The Longer-Term Costs and Benefits of Different Initial Teacher Training Routes</i> ²	-1.0		Examines how teacher retention rates in England vary according to the wages in the local labour market data from 2009 to 2014.
Bueno & Sass (2018) <i>The Effects of Differential Pay on Teacher Recruitment and Retention</i> ³	-3.4		Evaluation of the retention impact of the measures introduced by the Georgia State Legislature which, from 2011, paid more to shortage-subject teachers (maths and science) in Georgia State schools who were in their first five years after qualifying.
Clotfelter <i>et al</i> (2008) <i>Would higher salaries keep teachers in high-poverty schools? Evidence from a policy intervention in North Carolina</i> ⁴		-3.8	Evaluation of the impact of the North Carolina Bonus Program on retention. From 2001 to 2003, this programme provided bonuses to shortage-subject teachers (maths, science and special educational needs) in hard-to-staff schools.
Dolton & von der Klaauw (1995) <i>Leaving Teaching in the UK: A Duration Analysis</i> ⁵	-1.5		Uses data from graduates from UK universities in 1980 who went into teaching. Provides an estimated elasticity of wastage to the level of teachers' wages relative to wages outside teaching.
Falch (2011) <i>Teacher Mobility Responses to Wage Changes: Evidence from a Quasi-Natural Experiment</i> ⁶		-3.5	Examines the impact between 1993 and 2000 of a scheme in Norway that provided a wage premium for teachers in schools with a large number of teacher vacancies.
Feng & Sass (2017) <i>The impact of Incentives to Recruit and Retain Teachers in "Hard-to-Staff" Subjects</i> ⁷	-2.5 (science) -3.3 (maths)		Evaluation of the impact of the Florida Critical Teacher Shortage Programme on the retention of shortage-subject teachers (science, maths) in Florida State schools. The programme was a student loan forgiveness scheme in place for teachers in shortage subjects between 1986 and 2002.
Hendricks (2014) <i>Does it pay to pay teachers more? Evidence from Texas</i> ⁸		-1.4	Uses school district level variation in salary schedules in Texas to model the impact of pay on teacher turnover. The analysis uses administrative data from the Texas Education Agency covering 1996 to 2012.

C4. A key conclusion that can be drawn from this body of evidence is that teacher pay levels do have an impact on retention. However, the extent of the impact of pay on retention, as measured by wastage or turnover elasticities, varies considerably across the literature. In addition, there is also some evidence of the elasticity varying for teachers at different

¹ The content of the table is drawn in part from Sims, S. (2018) *What happens when you pay shortage-subject teachers more money? Simulating the effect of early-career salary supplements on teacher supply in England* – <https://www.gatsby.org.uk/uploads/education/datalab-simulating-the-effect-of-early-career-salary-supplements-on-teacher-supply-in-england.pdf>

² <https://www.ifs.org.uk/uploads/publications/comms/R118.pdf>

³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3296427

⁴ <https://faculty.smu.edu/millimet/classes/eco7321/papers/clotfelter%20et%20al%2003.pdf>

⁵ <https://www.jstor.org/stable/2235502>

⁶ <https://www.aeaweb.org/articles?id=10.1257/aer.101.3.460>

⁷ <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22037>

⁸ <https://www.ssrn.com/abstract=2252576>

career stages. For example, Hendricks presents a range of estimates of the main effect of pay on turnover including by varying the length of teacher service. His baseline estimate of the elasticity is -1.4. However, teachers with 0-1 year of experience have an elasticity of around -2.5, those with 6-7 years' experience the average (-1.4) and no statistically significant elasticity is found after 12 years (where the point estimate is around -0.8). He suggests four main reasons why this elasticity is lower (in absolute value) for more experienced teachers. First, the match between teacher and school may be better for those who have been in the profession longer. Second, pay for experienced teachers may be high relative to what is available outside their current job. Third, experienced teachers may enjoy the non-pecuniary aspects of the job more than new teachers and this is what has kept them in teaching. Fourth, the costs of leaving in terms of pension may be higher for older teachers.

- C5. There are also two main differences in the focus of these studies that may affect how applicable their findings are in assessing the potential impact of changes to the pay structure for classroom teachers in England. First, four of these studies evaluate the impact on retention of specific targeted policy interventions that provided additional financial incentives to teachers in shortage subject areas or to teachers in schools which faced acute teacher supply challenges. The nature of such targeted policy interventions provide an opportunity to conduct robust quasi-experimental analysis of how pay and other financial incentives affect teacher retention. However, as the Department notes in its submission, the fact that these interventions will generally be targeted at specific groups of teachers who are likely to be particularly responsive to pay means that their findings may not be representative of the teacher workforce as a whole. The remaining three studies look at the impact of pay on retention for all teachers. The Hendricks paper uses the fact that school districts in Texas can adopt different pay schedules to examine the impact of pay on teacher turnover. The research by Allen *et al.* and Dolton & von der Klaauw does not specifically consider changes in teacher pay levels but instead examines how the competitiveness of teacher pay levels compared to wider earnings in local labour markets impacts retention for teachers in England. The studies that consider all teachers generally find lower elasticities to those that consider targeted incentives for specific groups of teachers.
- C6. Secondly, as set out in Table 1 above, the focus of three of these studies is teacher turnover, rather than teacher wastage. For example, the Hendricks study considers how the pay levels set in the 1,031 school districts affect whether teachers remain employed within that school district. A teacher who remains in the profession but moves to work in another school district would be classed as having left under Hendricks' definition of turnover. This differs from the definition of wastage for teachers in England, which relates to whether teachers remain employed in the state funded school sector. As a result, turnover elasticities will have less relevance when assessing the impact on teacher wastage of proposals to change the classroom teacher pay structure in England than wastage elasticities.

The Department's approach to calculating retention benefits

- C7. The technical annex to the Department's written submission⁹ sets out its approach to calculating the retention benefits of its proposals. Its model uses data from the School Workforce Census (SWC) of November 2018 to estimate the number of full-time equivalent (FTE) teachers on each of nine pay points on the main and upper pay ranges. It also uses data from the SWC on the proportion of teachers with consecutive service since qualifying who leave the profession each year to estimate the 'prevailing wastage rate' for each pay point. For each pay point, the model then calculates the change

⁹ Annex B of Department for Education (2020) *Government Evidence to the STRB: The 2020 Pay Award* – <https://www.gov.uk/government/publications/evidence-to-the-strb-2020-pay-award-for-school-staff>

in pay relative to September 2019 if the Department's proposals were implemented. The Department's submission notes that using changes in pay in cash terms would overestimate the impact on retention as earnings in the wider economy will also increase. Its approach therefore adjusts the percentage change in teacher pay levels in line with forecast economy-wide earnings growth, which it assumes to be 3.0 per cent each year. This was in line with forecasts from the Office for Budget Responsibility (OBR) at the time the Department submitted its written representations to the STRB (January 2020). COVID-19 has since had a significant impact on the prospects for earnings growth in the coming years, with scenarios produced by the OBR and Bank of England suggesting negative earnings growth in 2020.

- C8. The model then multiplies the percentage change in pay by the Department's elasticity estimate and applies this to the prevailing wastage rate for teachers on that pay point. This provides a forecast of the impact on teacher retention at each pay point. Under this approach, the model predicts a positive impact on retention for pay points that increase by more than 3.0 each year and a negative impact on pay points that increase by less than 3.0 per cent each year. The Department's submission states that its modelling forecasts that the net benefits of its preferred approach (Option B) would be around 310 teachers being retained in England each year from 2020/21 and over 1,000 additional teachers being retained each year by 2022/23.
- C9. The Department has selected an elasticity of -1.5 as its central estimate and its model applies this uniformly to teachers at all career stages. Its submission states that it considered a range of studies about the elasticity of teacher wastage in response to pay to inform its decision about its elasticity estimate and cites seven academic papers. It contended that this approach was conservative in the light of the range of elasticities estimates and indications of higher elasticities for early career teachers than experienced teachers in academic literature. However, the submission also acknowledged that there is significant uncertainty around its elasticity estimate, there is a large range to the effects found in the literature and no studies directly assess a whole system reform of the type the Department proposes.

The impact of elasticity on forecast retention benefits

- C10. Given the range of different elasticity estimates in the academic literature, the STRB has considered how the impact on teacher retention forecast by the Department's model would change if a different estimate of elasticity was selected.
- C11. A model using a wastage elasticity will predict that the same pay uplift will have a greater impact on the level of the wastage rate when the prevailing wastage rate is higher. For example, if the current wastage rate was 10 per cent and a pay increase was forecast to reduce this by 5 per cent, the wastage rate would reduce by 0.5 of a percentage point to 9.5 per cent, whereas if the prevailing wastage rate was 2 per cent the same increase would reduce this by 0.1 of a percentage point to 1.9 per cent. In the case of the Department's modelling of its proposal, the net benefits in the number of teachers retained in the profession as a result of targeting larger pay uplifts at the lower points on the pay range is primarily due to wastage rates for teachers currently being significantly higher in the early career stages. The model forecasts the larger pay uplifts in excess of the 3.0 per cent increase in economy wider earnings targeted at the lower pay points on the main pay range (MPR) will significantly reduce wastage for teachers on these pay points. It forecasts that the smaller uplifts of less than 3.0 per cent to the highest points on the MPR and the upper pay range (UPR) will only result in a small increase in wastage for teachers at these points that is more than offset by the gains in terms of the retention of early career teachers. The model will forecast net gains overall in terms of retention regardless of the specific level of elasticity which is assumed. It would also forecast net retention gains if the assumption was that elasticity was greater at early career stages

than for experienced teachers, as suggested by Hendricks' research, and the retention benefits would be greater if this approach was adopted. The model could potentially forecast that fewer teachers would be retained if the assumption was that elasticity was greater for experienced teachers than for early career teachers. However, there is no evidence in the academic literature to support such an assumption. The overall outcome in terms of the model forecasting a positive impact on teacher retention therefore does not depend on the specific estimate of the wastage elasticity that the Department has decided to use following its consideration of the academic literature.

- C12. However, the number of additional teachers retained which is forecast by the Department's model is sensitive to the level of the wastage elasticity that is assumed. The retention gains forecast will increase or decrease proportionately to any adjustment to the elasticity estimate. If the elasticity estimate was doubled, the number of teachers forecast to be retained would therefore also double and, if it was halved, the number of teachers retained would half. This means that the level of wastage-to-pay elasticity has a significant impact on an assessment of how successful the Department's proposals would be in helping to support teacher recruitment and retention and meet the demand for additional teachers in the coming years.
- C13. The retention estimates from the Department's model are also sensitive to the assumptions made about the increase in earnings in the wider economy. Teachers are believed to respond to changes in their pay relative to what could be obtained in alternative careers and this is proxied by the level of earnings in the whole labour market. Where this is growing faster than teacher pay there will be lower (or negative) retention benefits of any given change in the structure of the teacher pay system and, conversely, where wider labour market earnings are growing slowly or even shrinking, the retention benefits of a given change in the teacher pay system will be enhanced. Depending on the particular values which are assumed for the growth in wider economy earnings, it is quite possible that changes in this variable could have much bigger effects on the retention of teachers than small changes to the slope of the teacher pay progression profile or to alternative estimates about the value of the wastage elasticity.

APPENDIX D

Findings from STRB's 2019 visit programme

- D1. Between June and October 2019, the STRB visited 12 schools in six local authority areas as part of its annual school visit programme. During these visits, Review Body members met teachers and school leaders in primary and secondary schools from both the local authority maintained and academy sectors, officials from five of the local authorities, one Regional Schools Commissioner (RSC), and students and lecturers from a university providing Initial Teacher Training (ITT).
- D2. Due to the timing of the publication of the STRB's 29th report, all but one of these visits took place before the STRB's recommendations and the Government's response were announced. As a result, members were only able to discuss the implications of the 2019 pay award with teachers and school leaders during the final visit undertaken over this period.
- D3. At each school they visited, STRB members held a number of discussion groups. These typically included speaking to the head teacher followed by three to four group discussions usually comprising of a small group of teachers at the same career stage. The discussions were focused around core topics related to the work of the Review Body.
- D4. Summarised below are the key points Review Body members took away from the visits. We have divided these into seven key themes; recruitment; retention; views on pay levels; the teacher pay framework; progression into leadership; workload and working conditions; and school funding and finances.

Recruitment

- D5. During visits, Review Body members asked school leaders about their experiences in recruiting teachers. We heard that the extent and type of challenge faced in recruitment varied considerably by school phase and geographical location. In general, the primary schools we visited seemed to be able to recruit teachers without significant difficulty. However, as in our visits in previous years, we did hear **concerns expressed by a small number of primary school leaders about a perceived decline in the quality of applicants, particularly when recruiting Newly Qualified Teachers (NQTs)**. In contrast, a majority of the secondary school leaders we spoke to told us that they faced significant challenges in recruiting teachers, and faced particular difficulties in recruiting for certain subjects, including maths, physics, IT and business studies.
- D6. **Local factors – such as the cost of living, infrastructure and transport links, pupil demographics and schools' links with local ITT provision – clearly have a significant impact on teacher recruitment.** For example, we heard in Hastings that being a coastal town with high deprivation exacerbated challenges in attracting teachers to the area. In contrast, we heard in Newcastle that teacher supply in the area outweighed demand. This was linked to teacher pay levels being competitive in the local labour market and a range of ITT and SCITT providers operating in the area. This year, STRB members only visited one local authority in one of the London pay areas: Surrey, which is in the London fringe area. We heard from school leaders in Surrey that this had a positive impact on teacher recruitment, as teachers living outside of the county were motivated to commute in to benefit from the additional fringe pay.
- D7. During our discussions, we heard about how schools tried to address recruitment challenges. A secondary head teacher in Brighton told us that his school targeted teachers in London to attract them to move to an area with a lower cost of living. He also stated that he would seek to recruit good trainee teachers even if there was not an immediate vacancy at the

school. We also heard some school leaders used pay flexibilities to help recruitment. One school leader told us that he occasionally offered higher pay for shortage subjects and some teachers we spoke to had negotiated to start on a higher pay point or to receive “a discreet top-up”. However, other school leaders explicitly told us that they would not adopt such an approach in response to recruitment challenges as they believed this would be divisive.

- D8. The members of the STRB also asked teachers what had attracted them to join the profession. Most of the teachers we spoke to told us that pay was not the main factor in their decision. Instead, they were often motivated by their desire to work with children and the opportunities to make a difference. **Many teachers also told us that they did not have a good understanding of the pay framework when they chose to become a teacher.** This was illustrated when we met ITT students, most of whom were not aware of the starting salary or opportunities for progression. In contrast, several people who changed career to become teachers later in life told us that they had looked at the pay framework to understand the earnings potential before deciding to train to become a teacher. For example, we met some career changers who told us that they had been willing to accept an initial cut in pay as they were aware of the pay progression opportunities and the value of the Teachers’ Pension Scheme.
- D9. We also discussed the value of bursaries in supporting recruitment with a number of teachers. **Some teachers who had received bursaries said this had been a major influence in their decision to join the profession. We heard this more markedly from career changers, some of whom stated that they would not have been able to afford to undertake ITT if they had not received a bursary.** However, we also heard some criticism of the bursaries scheme. This included the teachers arguing that money involved could be better spent as incentives for retention rather than through just supporting trainees. We also heard about some anomalies in the current system. These included teachers receiving a ‘pay cut’ upon qualifying as their training bursary was greater than their starting pay and that it was possible for trainee teachers to receive more through their bursary than the salary of the more experienced teachers who were mentoring them.

Retention

- D10. Review Body members also spoke to school leaders and teachers about retention. **Some school leaders we met told us that they faced acute retention challenges in their schools, often due to issues around pupil behaviour or the cost of living driving teachers to relocate.** In Brighton, one head teacher told us that it was possible to recruit NQTs, but they left when they wanted to buy a house and start a family as they could not afford to do this in the local area. In Surrey, the cost of living was having the opposite effect. The head teacher of a secondary school told us that far fewer main pay range (MPR) teachers were applying for vacancies as they could not afford to live in the area, which meant that her four new recruits for September 2019 were existing upper pay range (UPR) teachers. Some school leaders we spoke to had used retention payments to keep teachers. One head teacher we spoke to had incentivised senior and ambitious teachers to stay at the school by offering them time out of the classroom to do school-to-school support work.
- D11. **A small number of schools we visited had no retention issues but instead cited the lack of ‘churn’ in teaching staff as an issue.** These school leaders reported that lack of turnover was impacting internal capacity when opportunities for progression to leadership arose.
- D12. When we discussed retention with early career teachers, one NQT told us that, of the 25 students in her PGCE cohort, less than half had gone on to become teachers. Another teacher, three years into the job, was the only one still teaching from a cohort of seven. More generally we heard from classroom teachers that colleagues were **leaving due to workload, pay, work/life balance, lack of flexible working opportunities and teachers**

being denied part-time jobs or job shares. One teacher we spoke to wanted to stay in the profession but was put off by the “non-stop” workload. Another teacher was moving abroad to take a break due to workload. Several teachers championed the idea of a sabbatical, as offered in New Zealand, to improve retention.

- D13. Anecdotally, we heard that some teachers looking to change career had found it difficult. While some felt that they lacked the transferable skills to work in other sectors, others suggested that recruiters did not understand what teachers do and what they could offer in other settings. Many of those who had left teaching had gone to work in an education-related field such as working in early years provision or education consultancy.

Views on pay levels

- D14. There were mixed views on teachers’ pay levels among the teachers and school leaders we spoke to. Some teachers thought that their pay compared well to their peers, while others told us they earned less than friends and family working in other sectors. Several teachers told us that they compared their pay with other public sector professions – for example, nursing and the civil service – and perceived pay levels to be broadly in line with these occupations. Other teachers compared their salaries with the earnings of friends, family members and others living in their locality. For example, teachers in Newcastle discussed pay levels for plumbers and welders while, in Surrey, teachers drew comparisons to the earnings of people working in the financial services sector.
- D15. **The cost of living was also a factor in teachers’ views of their pay levels. We heard that the cost of living, and particularly housing costs, was a significant concern** to teachers in Brighton, Bristol and Gloucestershire. For example, we heard from school leaders in Brighton that young teachers could be recruited but they would leave the area when they wanted to buy a home and start a family. Several teachers in Brighton suggested an additional allowance like London weighting should be offered in recognition of the high housing costs in the area.
- D16. Some of the teachers we met believed higher starting pay would make the profession more attractive and improve the public perception of teaching. Several teachers told us that they thought that starting pay for teaching was less than in other graduate professions and should be increased. Conversely, some teachers and school leaders we spoke to warned that higher starting salaries “might not attract the right type of people” to the profession. They thought it was important that teachers were motivated by a desire to make a difference to children’s lives rather than purely by financial considerations.
- D17. A number of teachers commented on the benefits package as a whole and told us that other professional occupations offered better overall reward packages – for example, in relation to health care and childcare. **The cost of childcare was a significant concern for several of the teachers we spoke to and had been a motivating factor in some teachers’ decisions to work part-time.**
- D18. There were mixed views from the senior leadership we met about their pay. Some thought they were paid well relative to classroom teachers and to their local labour market. However, **many school leaders told us their pay compared poorly with earnings in the private sector.** Several head teachers told us that they considered being a CEO of a small to medium sized businesses to be a role with similar responsibilities but noted that such jobs were likely to be significantly better paid. A number of the head teachers we spoke to told us that their school’s governing body has decided to pay them more than the maximum of their pay range in order to retain them.

The teacher pay framework

- D19. We heard mixed views about the use of performance-related pay progression. The main criticism of the current system was that it was a “time-consuming process” and drew teachers away from the classroom. **Some leaders we spoke to believed that it was “unnecessarily bureaucratic” and a “hoop jumping exercise.”** This was echoed by other teachers who argued that the system increased workload. However, we also heard criticism from several teachers who had joined the profession since the pay system was reformed that the old system of moving up automatically had been “too easy” and resulted in “some teachers on UPR not doing enough.”
- D20. We saw different practice across schools and feedback was often directed at the practice in the individual school rather than the system as a whole. Teachers who were happy with the system in their school reported it was “transparent” and “fair.” One teacher we spoke to had not been awarded progression due to the attainment of her class, but she believed this was justified. Other teachers criticised their schools’ processes on the basis that this only looked at a snapshot of performance at certain points rather than assessing everything they did in their roles throughout the year. Four of the schools we visited were reviewing their system for awarding performance-related progression. One of the head teachers told us that this was necessary as part of a ‘culture change’ in the school. **We also noted a trend of moving away from linking progression to pupils’ attainment because teachers and leaders felt there were too many variables involved that were out of teachers’ control.**
- D21. **Not all teachers we spoke to had a clear understanding of the system for moving from the MPR to the UPR, and the expectations of UPR teachers varied between schools. In some schools, teachers were expected to take on additional responsibilities to progress to the UPR. In others, there was no significant difference in responsibilities and expectations of MPR and UPR teachers.** Some teachers we spoke to had jumped spine points to progress to UPR more quickly, but this was not commonplace. Several school leaders supported the idea of one pay range to give school leaders greater flexibility in making pay decisions.
- D22. In several schools we heard that reduced differentials between different pay ranges was having an impact on teachers’ career progression. **Some MPR teachers told us that the pay increase they would receive from moving to the UPR was so small that there was no incentive to progress.** Other teachers we spoke to had decided not to progress to the UPR as this would “price themselves too high” in a market in which schools were looking for “cheaper” teachers. We also heard from teachers at the top of the UPR with TLRs that the differential between their pay and that of leadership group teachers was not commensurate with the additional responsibilities required of school leaders, which discouraged them from progressing to such roles.

Progression into leadership

- D23. Only a minority of the teachers we spoke to aspired to senior leadership. This was the case for teachers at all stages of their careers. Many early career teachers told us that they wished to progress to middle leadership but few aspired to senior leadership roles. **The factors that deterred teachers from progressing to senior leadership roles included the different terms and conditions for leaders, the reduction of time in the classroom, pressure of Ofsted, and the need for greater interaction with parents.**
- D24. Many of the experienced teachers and those already in leadership roles we spoke to told us that they were conscious of the additional workload and pressure that would result from progressing further and did not feel the additional pay was commensurate. **One deputy head teacher described the “football manager syndrome” relating to head teachers**

whereby getting a bad Ofsted rating would leave your job in a vulnerable position. The leadership pay structure also had impact on some decisions about career progression. We spoke to several deputies in larger schools who were reluctant to take on headship in smaller schools as they would “have to take a pay cut.”

- D25. Head teachers themselves told us that more of their time was being spent on non-educational issues such as human resources (HR) and employment matters. One noted significant concerns about the next generation perceiving leadership as an attractive prospect. **Another head teacher told us that she believed, in order to make the role of headship more attractive, there needs to be greater support, especially in the first 18 months.** She noted that previously support was provided by the local authority but now resources were limited due to funding cuts and suggested a solution would be to create more regional support networks.

Workload and working conditions

- D26. Workload was raised as a significant issue by nearly every classroom teacher we spoke to. Teachers told us they had very long working weeks and many said they worked on weekends and during school holidays. We asked teachers whether a pay increase could offset the workload, but **the majority of teachers told us they would prefer a reduction in workload over an increase in pay.**
- D27. In our discussions with teachers, we explored the reasons behind high levels of workload. **A number of classroom teachers noted a significant increase in workload over recent years and attributed this to changing education policy, increasing behavioural issues and increasing class sizes.** One SENCO teacher told us that, while the volume of work had not changed over 15 years, the level of scrutiny and accountability had “increased massively.” Several teachers attributed increasing workload to a “results driven culture” and the pressure of Ofsted. Many NQTs told us they did not feel well prepared for the workload and told us that more dedicated time for planning, preparation and administration would be beneficial.
- D28. Many of the teachers we spoke to expressed concerns that their job increasingly involved taking of greater responsibility for their pupils than their core responsibilities as a teacher. **We were told that the role of teachers now encompasses counselling, mentoring and social work.** This was described by one teacher as “emotionally demanding.” In our discussions, this was frequently linked to reductions in the support services provided by local authorities.
- D29. We repeatedly heard that **there should be a greater focus on mental health and wellbeing in schools.** There were some examples of positive initiatives to address workload and support teachers. For example, some school leaders told us they had taken steps to reduce marking. However, other teachers raised concerns about their working environment and the level of support from school leaders. One teacher told us they did not take time off when ill as “it was not worth the bother” and that “by the time they had liaised with colleagues about handovers and cover, they may as well have come in to work.” Another teacher told us that she was denied a request for unpaid leave to attend her best friend’s wedding despite having worked at the school for 9 years.

School funding and finances

- D30. Most school leaders we spoke to told us school funding was having an impact on decisions about recruitment and retention. Some schools were benefitting from the National Funding Formula but in other areas we heard that this would place additional pressures on school

budgets. **Many of the schools we had visited had needed to restructure their staffing to balance budgets and several head teachers noted that this presented risks to pupil outcomes.**

- D31. Head teachers and school business managers of maintained schools told us they were under pressure from local authorities to submit five-year budgets but that those with in-year deficits would be rejected. Some school leaders we met told us that, as a result, they felt obliged to offer roles on temporary contracts. **We heard from some classroom teachers that they were being repeatedly hired on temporary contracts and that this was having detrimental implications for teachers applying for mortgages and making long term family decisions.**
- D32. A number of school leaders told us that awarding the 2018 uplift would have been impossible without the additional government funding from the teachers' pay grant. One head teacher told us his school would be "on a cliff edge" if future uplifts were not funded.
- D33. Another financial concern we heard was that **some schools faced additional costs in recruitment due to the practices of recruitment agencies.** We were told that young teachers were being approached via social media by teacher recruitment agencies who then charged the schools introduction fees. One head teacher told us that she had now spent £40,000 on such introduction fees and was now actively trying to dissuade potential applicants from using the agencies by offering an additional recruitment payment for direct applicants.
- D34. **Several schools that we visited in areas of high deprivation told us that they were using the pupil premium to supplement services previously provided by the local authority.** Some of these schools were dedicating significant resources to support services – for example, one had employed a full-time welfare support officer, a vulnerable lead worker and an absence support officer. The head teacher of another school in an area of high deprivation emphasised the importance of engaging with families as early as possible to support educational outcomes. The school had taken on responsibility for an adjacent nursery school to support this, but this was placing it under financial pressure.

APPENDIX E

Current and recommended pay levels

Classroom Teachers' pay ranges – England excluding the London area

	Current pay range	Recommended September 2020
Unqualified Teacher Pay Range	£pa	£pa
Minimum	17,682	18,169
Maximum	27,965	28,735
Main Pay Range		
Minimum	24,373	25,714
Maximum	35,971	36,961
Upper Pay Range		
Minimum	37,654	38,690
Maximum	40,490	41,604
Leading Practitioner Pay Range		
Minimum	41,267	42,402
Maximum	62,735	64,461

Classroom Teachers' pay ranges – Fringe area

	Current pay range	Recommended September 2020
Unqualified Teacher Pay Range	£pa £pa	£pa
Minimum	18,844	19,363
Maximum	29,123	29,924
Main Pay Range		
Minimum	25,543	26,948
Maximum	37,152	38,174
Upper Pay Range		
Minimum	38,797	39,864
Maximum	41,635	42,780
Leading Practitioner Pay Range		
Minimum	42,403	43,570
Maximum	63,874	65,631

Classroom Teachers' pay ranges – Outer London area

	Current pay range	Recommended September 2020
Unqualified Teacher Pay Range	£pa	£pa
Minimum	21,004	21,582
Maximum	31,290	32,151
Main Pay Range		
Minimum	28,355	29,915
Maximum	40,035	41,136
Upper Pay Range		
Minimum	41,419	42,559
Maximum	44,541	45,766
Leading Practitioner Pay Range		
Minimum	44,541	45,766
Maximum	66,012	67,828

Classroom Teachers' pay ranges – Inner London area

	Current pay range	Recommended September 2020
Unqualified Teacher Pay Range	£pa	£pa
Minimum	22,237	22,849
Maximum	32,515	33,410
Main Pay Range		
Minimum	30,480	32,157
Maximum	41,483	42,624
Upper Pay Range		
Minimum	45,713	46,971
Maximum	49,571	50,935
Leading Practitioner Pay Range		
Minimum	49,065	50,415
Maximum	70,540	72,480

Classroom Teachers' allowance ranges

	Current range	Recommended September 2020
Teaching and Learning Responsibility (TLR) payment 3 (Fixed term)	£pa	£pa
Minimum	555	571
Maximum	2,757	2,833
Teaching and Learning Responsibility (TLR) payment 2		
Minimum	2,796	2,873
Maximum	6,829	7,017
Teaching and Learning Responsibility (TLR) payment 1		
Minimum	8,069	8,291
Maximum	13,654	14,030
Special Educational Needs Allowance (SEN)		
Minimum	2,209	2,270
Maximum	4,359	4,479

Leadership Group pay ranges – England excluding the London area

	Current salary range			Recommended September 2020		
	£pa			£pa		
Leadership Minimum ¹	41,065			42,195		
Broad Bands for Head Teachers						
1	46,457	–	61,808	47,735	–	63,508
2	48,808	–	66,517	50,151	–	68,347
3	52,643	–	71,590	54,091	–	73,559
4	56,579	–	77,048	58,135	–	79,167
5	62,426	–	84,976	64,143	–	87,313
6	67,183	–	93,732	69,031	–	96,310
7	72,306	–	103,334	74,295	–	106,176
8	79,748	–	114,060	81,942	–	117,197

Leadership Group pay ranges – Fringe area

	Current salary range			Recommended September 2020		
	£pa			£pa		
Leadership Minimum ¹	42,195			43,356		
Broad Bands for Head Teachers						
1	47,592	–	62,932	48,901	–	64,663
2	49,940	–	67,648	51,314	–	69,509
3	53,775	–	72,718	55,254	–	74,718
4	57,714	–	78,170	59,302	–	80,320
5	63,562	–	86,104	65,310	–	88,472
6	68,325	–	94,859	70,204	–	97,468
7	73,446	–	104,455	75,466	–	107,328
8	80,880	–	115,188	83,105	–	118,356

¹ Minimum for Deputy and Assistant Head Teachers only.

Leadership Group pay ranges – Outer London area

	Current salary range			Recommended September 2020		
	£pa			£pa		
Leadership Minimum ¹	44,323			45,542		
Broad Bands for Head Teachers						
1	49,714	–	65,038	51,082	–	66,827
2	52,067	–	69,747	53,499	–	71,666
3	55,898	–	74,816	57,436	–	76,874
4	59,833	–	80,272	61,479	–	82,480
5	65,689	–	88,206	67,496	–	90,632
6	70,445	–	96,957	72,383	–	99,624
7	75,564	–	106,558	77,643	–	109,489
8	83,007	–	117,287	85,290	–	120,513

Leadership Group pay ranges – Inner London area

	Current salary range			Recommended September 2020		
	£pa			£pa		
Leadership Minimum ¹	48,824			50,167		
Broad Bands for Head Teachers						
1	54,223	-	69,499	55,715	-	71,411
2	56,576	-	74,208	58,132	-	76,249
3	60,404	-	79,280	62,066	-	81,461
4	64,344	-	84,731	66,114	-	87,062
5	70,194	-	92,667	72,125	-	95,216
6	74,949	-	101,421	77,011	-	104,211
7	80,074	-	111,020	82,277	-	114,074
8	87,512	-	121,749	89,919	-	125,098

¹ Minimum for Deputy and Assistant Head Teachers only.

APPENDIX F

Recommended advisory pay points

The STRB recommends the following advisory pay point structure for the main pay range (MPR) and upper pay range (UPR) from September 2020.

	Rest of England	London Fringe	Outer London	Inner London
M1 (MPR minimum)	£25,714	£26,948	£29,915	£32,157
M2	£27,600	£28,828	£31,604	£33,658
M3	£29,664	£30,883	£33,383	£35,226
M4	£31,778	£32,999	£35,264	£36,866
M5	£34,100	£35,307	£38,052	£39,492
M6 (MPR maximum)	£36,961	£38,174	£41,136	£42,624
U1 (UPR minimum)	£38,690	£39,864	£42,559	£46,971
U2	£40,124	£41,295	£44,133	£49,279
U3 (UPR maximum)	£41,604	£42,780	£45,766	£50,935

