



THE VICIOUS CIRCLE OF THE SQUEEZE ON TEACHER AND SCHOOL LEADER PAY

Joint union briefing: September/October 2022

Association of School and College Leaders (ASCL)

National Association of Head Teachers (NAHT)

National Education Union (NEU)

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INTRODUCTION

1. The government announced the proposed teacher pay award for 2022/23 for schools in England in July.
2. Not only was the size of the award insufficient to address historic pay erosion and current spiralling inflation, it was also unfunded meaning that it represents a significant additional cost to school budgets, already under pressure from a range of other inflationary costs.
3. The proposed pay uplift is extremely unlikely to address chronic problems with teacher and leadership recruitment and retention that are creating shortages in the vast majority of schools. And early indications are that many schools and trusts will have no choice but to make significant budgetary cuts which will impact on educational provision and job security.
4. This briefing paper sets out the pressure on teacher pay since 2010, the pay award for 2022/23 in the context of inflation and cost-of-living, the impact of these factors on teacher recruitment and retention, and the pressure on school budgets.

TEACHERS' AND SCHOOL LEADERS' PAY SINCE 2010

5. Broadly, teacher pay has fallen in real-terms by about one-fifth compared to the Retail Prices Index (RPI) rate of inflation since 2010 due to a series of pay freezes, pay caps and below-inflation pay awards implemented by the government as part of its austerity policies. Most recently government instituted a pay freeze in 2021/22, just as inflation spiralled.
6. Our unions have tracked the decline of teachers' and leaders' pay, most recently in our evidence submissions to the School Teachers' Review Body in March 2022.
7. The National Education Union (NEU) set out the impact at three points on the teacher pay scale. This analysis¹ dates from before the government's proposed pay award for 2022/23 which is also below inflation and which will therefore further erode the real value of pay.
8. The NEU analysis showed that in September 2021:
 - A teacher at the top of the main pay range (point M6) was £6,257 worse off than if pay had kept pace with RPI inflation earning £36,961 instead of £43,218. An increase of 16.9% above inflation would be required to recover real-terms pay losses since September 2010.

¹ NEU evidence to STRB. [neu.org.uk/media/20376](https://www.neu.org.uk/media/20376) National Education Union. March 2022.

- A teacher at the top of the upper pay range (point U3) was £8,742 worse off than if pay had kept pace with RPI inflation earning £41,604 instead of £50,346. An increase of 21% above inflation would be required to recover real-terms pay losses since September 2010.
 - A leader at the minimum of the leadership range (point LG1) was £9,116 worse off than if pay had kept pace with RPI inflation earning £42,195 instead of £51,311. An increase of 21.6% above inflation would be required to recover real-terms pay losses since September 2010.
9. RPI is our preferred measure as it includes mortgage interest payments and therefore better represents the actual costs experienced by most staff. The Institute for Fiscal Studies (IFS), which uses CPIH (the Consumer Price Index plus an assessment of housing costs) in analysis² published in July 2021 also found that teachers' real-terms pay had declined significantly. Its analysis showed that salaries for new and less experienced teachers were about 4-5% lower in real-terms than 14 years earlier in 2007, and that more experienced teachers (the majority) had seen an 8% real-terms drop in salaries over this period. The IFS added that: "In contrast, average earnings across the whole economy have risen by about 0.6% in real terms between 2007 and 2021."

The 32nd report³ of the School Teachers' Review Body (STRB), published in July 2022, compares the estimated earnings of teachers with those working in other professional occupations by broad age bands. It found that in 2020/21, teachers' median earnings were below those of the comparator groups for all age bands under 60. And it observed: "Our analysis of real-terms pay changes over time suggests that the competitiveness of teachers' earnings compared to the whole economy, and to professional occupations, was lower in 2020/21 compared to 2010/11." The STRB also noted the strength of the graduate labour market – this, alongside increasing pay in the wider economy, particularly in the private sector, will intensify the already serious and entrenched recruitment and retention problems.

10. Much has been made by the government over its intention to bring in £30,000 starting salaries for teachers in an effort to improve recruitment and retention. However, the fact that this policy pledge, introduced in the Conservative manifesto in 2019, is not likely to be achieved until September 2023 in most of England has watered down its potential impact, particularly in light of the current very high levels of inflation.

THE TEACHERS' AND LEADERS' PAY AWARD FOR 2022/23

11. The STRB recommendation of an 8.9% uplift to starting pay outside London in September 2022 – which is accepted by the government – brings it up to £28,000 outside London, with a subsequent increase recommended in 2023 of 7.1% to achieve the figure of £30,000.
12. The increases to the pay advisory points M2-M5 are not mandatory, but most schools follow the advisory points. The recommended increases for 2022 taper down very significantly from starting pay (M1) to M5 to reach 5% at M6 on the main scale, with the same percentage award on the upper pay scale and leadership ranges. This means that the 5% award will in fact apply to the majority of teachers and all leaders.
13. NAHT's forecasts that the real terms value of leaders' salaries is set to fall further, and at a faster rate, than at any time in the last twelve years.

² The long, long squeeze on teacher pay ifs.org.uk/publications/15552. Institute for Fiscal Studies. 23 July 2021.

³ School Teachers' Review Body 32nd report: 2022 www.gov.uk/government/publications/school-teachers-review-body-32nd-report-2022. School Teachers' Review Body. 19 July 2022.

THE RATE OF INFLATION

14. To put this in perspective, the Office for National Statistics calculated CPI inflation in July at 10.1%, and RPI inflation at 12.3%⁴. The Bank of England's Monetary Policy Report⁵ in August 2022 forecast that CPI inflation would peak at just over 13% in the fourth quarter of 2022, while the National Institute of Economic and Social Research forecast⁶ that RPI inflation would hit 17.7%. Other forecasters have predicted that RPI will hit 21% in early 2023.⁷
15. The Bank of England's Monetary Policy Committee projects that inflation will begin to fall in 2023 but that it will still be running at 9.5% in the third quarter of 2023 when the next teachers' pay award is due to take effect, before falling to 5.5% in the fourth quarter.
16. The government calculates that its recently announced Energy Price Guarantee for families and business will curb inflation by 4-5 points⁸ but even if this forecast proves to be correct it is clear that overall inflation levels will remain high for several months to come, and certainly above the proposed pay award for most teachers.

THE IMPACT ON TEACHER AND LEADER RECRUITMENT AND RETENTION

17. Pay is not the only factor that impacts on teacher recruitment and retention, but it is generally recognised that it has a strong bearing on both.
18. A survey⁹ in June by the Association of School and College Leaders of 766 state-sector school and college headteachers and principals found:
 - 95% have been experiencing difficulty in recruiting teachers, with 43% saying it is 'severe'.
 - 72% of these are using supply staff to cover for vacancies; 69% are using non-subject specialists to teach classes; and 31% said pupils were having to be taught in larger classes.
 - Physics was the most commonly cited subject where recruitment was difficult, followed by maths, design and technology, chemistry and computing.
 - Nearly two-thirds (65%) have been experiencing difficulty with teacher retention. The most common reasons were workload pressures and pay.
19. The Department for Education has repeatedly missed recruitment targets for trainee secondary teachers over the course of several years other than a temporary improvement during the pandemic in 2020/21. In the year 2021/22, it recruited only 82% of the secondary target for initial

4 Consumer price inflation, UK: July 2022 www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/july2022. Office for National Statistics. 17 August 2022.

5 Monetary Policy Report – August 2022 www.bankofengland.co.uk/monetary-policy-report/2022/august-2022. Bank of England

6 National Institute UK Economic Outlook: A Risky Present. www.niesr.ac.uk/publications/risky-present?type=uk-economic-outlook National Institute of Economic and Social Research. 3 August 2022.

7 UK inflation will hit 18% in early 2023, says leading bank Citi. www.theguardian.com/business/2022/aug/22/uk-inflation-will-hit-18-per-cent-in-early-2023-says-leading-bank-citi-gas-electricity The Guardian. 22 August 2022.

8 Government announces Energy Price Guarantee for families and businesses while urgently taking action to reform broken energy market www.gov.uk/government/news/government-announces-energy-price-guarantee-for-families-and-businesses-while-urgently-taking-action-to-reform-broken-energy-market. Prime Minister's Office. 8 September 2022.

9 ASCL survey shows teacher shortages at crisis point www.ascl.org.uk/News/Our-news-and-press-releases/ASCL-survey-shows-teacher-shortages-at-crisis-poin. Association of School and College Leaders. 8 July 2022.

teacher trainees. The Initial Teacher Training Census 2021/22¹⁰ shows a number of subjects that fell short of recruitment targets, including only 22% of the target for physics trainee teachers, and 23% for design & technology trainee teachers. The other subjects that under-recruited were business studies (45%); computing (69%); modern foreign languages (71%); music (72%); geography (86%), mathematics (95%); and religious education (99%).

20. High numbers of teachers leave the profession early – 31% within five years of qualifying and 40% within 10 years¹¹. The number of secondary school pupils in England has increased from 3.19m in 2015/16 to 3.57m in 2021/22.
21. For schools to thrive it is essential that teachers and school leaders are willing to commit to decades-long careers. However, NAHT's most recent survey of 2,047 school leaders¹² found that:
 - dissatisfaction is rising steeply: fewer than a third (30%) of leaders would recommend school leadership as a career goal (a fall of 36% in a single year)
 - more than half of assistant and deputy head teachers (53%) say they do not aspire to headship, with more than a fifth (23%) undecided
 - the pay freeze, lack of pay progression and a decade of declining real-terms pay for leaders has tested their vocational commitment beyond breaking point, with 44% saying that clearer pay progression would improve the attractiveness of school leadership.

PRESSURE ON SCHOOL BUDGETS

22. We are united in our view that the 2022-23 pay award is inadequate. The evidence is clear that a pay uplift to teachers' and leaders' salaries that *at least* matches current inflation is required, if further damage to the profession is to be avoided.
23. It is equally essential is that the pay award must be **fully funded** by government. Existing school budgets are insufficient, even to deliver the inadequate 2022-23 pay uplift unless further funding is forthcoming.
24. Schools have been facing considerable financial pressures for the past decade, even before the impact of Covid-19. Research by the Institute for Fiscal Studies confirms what the education sector already knew¹³. School spending per pupil in England fell by 9 per cent in real terms between 2009–10 and 2019–20. This represents the largest cut in over 40 years.
25. As result of these funding pressures schools have already had to make difficult choices to balance their budgets, including reducing the number of educational psychologists and school counsellors employed. This context has made education recovery following the pandemic even more difficult than it might have been, a situation exacerbated by the government's failure to match calls by Sir Kevan Collins, the former government adviser on education recovery, for an extra £15 billion to be invested.

10 Initial teacher training: trainee number census 2021 to 2022 www.gov.uk/government/statistics/initial-teacher-training-trainee-number-census-2021-to-2022. Department for Education. 2 December 2021.

11 School workforce in England: November 2021 www.gov.uk/government/statistics/school-workforce-in-england-november-2021. Department for Education. 9 June 2022.

12 Fixing the Leadership Crisis: Time for Change www.naht.org.uk/FixingTheLeadershipCrisis. NAHT, December 2021.

13 2021 annual report on education spending in England ifs.org.uk/publications/2021-annual-report-education-spending-england. Institute for Fiscal Studies. November 2021.

26. The decision not to provide extra funding for the latest pay award is despite the award exceeding that recommended in the government's evidence to the STRB¹⁴ in March, at which stage it proposed a 3% uplift in 2022/23 for teachers on the upper pay range and above. At that time it said:
- "Higher awards would not be appropriate given the need to strike a balance of priorities for school expenditure. School leaders must have the flexibility to make their own decisions on how to prioritise spending to best support their staff and pupils, especially in the context of education recovery. Additional investment in teacher pay beyond what is proposed will result in headteachers having to reduce investment that they would otherwise have been able to make in other areas."*
27. The teachers' pay award of 5% for most teachers and leaders, rising to 8.9% for new starters outside London, is one of a number of additional costs on schools. A flat pay award for school support staff of £1,925 – which results in pay increases of between 4.04% and 10.5% depending on pay grade – is also proposed. In addition, there are significant inflationary costs, most notably energy bills. The government's recently announced Energy Price Guarantee, as it pertains to schools and colleges, lacks detail of how it will work and is limited to six months with no information, at the time of writing, of what will happen after this time.
28. The then Schools Minister, Robin Walker, set out the funding settlement for schools for 2022/23 in a statement in the House of Commons in December 2021 in which he said that mainstream school funding per pupil would rise by 5.8% on average, and that every local authority would see at least a 4.7% increase per pupil.¹⁵
29. The pressure on school costs has led the Institute for Fiscal Studies to revise projections on education spending published last November¹⁶ – at which point it had forecast that government spending per pupil would recover from real-terms cuts over the past decade to reach about the same level in 2024 that it was in 2010. Even then it pointed out that, whilst this would reverse past cuts, it would mean 15 years with no overall growth in spending. "This squeeze on school resources is effectively without precedent in post-war UK history," it said.
30. However, the picture has worsened since then. The IFS has now concluded in subsequent research¹⁷ that the actual costs facing schools mean that they look "just about affordable" within the government's spending plans in 2022/23 but are unlikely to be sufficient for future years with "implied real-terms cuts in 2023/24". By 2024, the IFS now estimates that school spending per pupil will still be 3% lower than in 2010.
31. The IFS conclusion that school costs are "just about affordable" within the government's spending plans in 2022/23 – and the government's insistence that the teacher pay award is broadly affordable – are based on averages. The actual impact at individual school level will depend on a range of factors, namely the school's funding allocation, its historic funding, and the make-up of the additional costs it is facing. Feedback indicates that it is very likely that many schools will, in fact, not be able to afford the additional costs from their existing budgets in 2022/23, that they will face in-year deficits, and that they will have to drain reserves – set aside for investment in school

14 Evidence to the STRB: 2022 pay award for school staff www.gov.uk/government/publications/evidence-to-the-strb-2022-pay-award-for-school-staff. Department for Education. 4 March 2022.

15 School and Early Years Funding hansard.parliament.uk/commons/2021-12-16/debates/2112164000013/SchoolAndEarlyYearsFunding. Hansard. 16 December 2021.

16 2021 annual report on education spending in England ifs.org.uk/publications/15858. Institute for Fiscal Studies. 30 November 2021.

17 School spending per pupil in 2024 to remain 3% below 2010 levels in real-terms once you account for actual costs faced by schools ifs.org.uk/publications/16141. Institute for Fiscal Studies. 2 August 2022.

improvement, capital projects and necessary contingencies – and cut provision in order to balance their books. The situation will clearly worsen in subsequent years unless additional government funding is made available.

COLLEGES

32. Teachers in colleges are not covered by the School Teachers' Review Body and the teachers' pay award, and the financial situation facing these institutions is even worse than it is in schools. In its report last November, the IFS said that college spending per pupil in 2024/25 will still be around 10% below 2010/11 levels in real terms. This is despite the government's repeated insistence that it is championing a revolution in technical education.
33. Following the announcement of the teachers' pay award in July, David Hughes, Chief Executive of the Association of Colleges, set out the situation facing college staff¹⁸.

He said: "The 5% pay rise for schools may not be welcomed by teachers who know the cost of living is rising faster than that, but it will widen the pay gap with their peers in colleges. Colleges want to increase pay for teachers and other staff, but they do not have the funding to afford to do so.

"This represents an enormous challenge to James Cleverly and the Chancellor, who both understand that without a better pay offer, colleges will struggle to step up their delivery on the post-16 skills priorities that this government so keenly wants to address. Low pay is hindering recruitment and retention of the very people who will train tomorrow's workforces and help improve productivity, inclusion and levelling up.

"After extensive consultation with colleges across the country, this year's pay recommendation of 2.5% is already on the edge of affordability for colleges which are still reeling from a decade of cuts and now are being hit hard by soaring inflation and the cost-of-living crisis."

¹⁸ Gap between school and college teacher pay to widen without action. Association of Colleges. 19 July 2022 www.aoc.co.uk/news-campaigns-parliament/aoc-newsroom/gap-between-school-and-college-teacher-pay-to-widen-without-action. Association of Colleges. 19 July 2022.

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