

## School Teachers' Review Body (STRB): Remit for the 28<sup>th</sup> Report - 2018 pay award

### Response of the Association of School and College Leaders

- 1 The Association of School and College Leaders (ASCL) represents nearly 19,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary phase. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.
- 2 ASCL welcomes the opportunity to make a written response to the STRB following the letter from the Secretary of State dated 7 December 2017 which addresses the arrangements for the 2018 pay award.
- 3 However, we remain concerned about the lack of commitment from HM Government to prioritise the funding of education. As we shall evidence below, the pressures on school budgets mean that without additional funding, any recommendations made by the STRB are likely to prove unaffordable and employers unable to implement them across the pay ranges.

#### **Matter for recommendation**

#### ***An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention.***

- 4 We start by welcoming the lifting of the arbitrary 1% public sector pay cap that teachers have been subject to for five years, prior to which there was a two year pay freeze. The consolidated impact of which has been to see teachers' pay fall in both real terms by 12% and in comparison to other professions. The decision by the Government to lift the cap means that this year the STRB should be able to make recommendations that will help ensure that there is sufficient quantity and quality of teachers entering and remaining in the profession.
- 5 We look forward to the STRB recognising the real terms decline in teachers' pay, and assessing the appropriate increase required in order to make all levels of the pay structure comparable to other graduate professions.
- 6 However, in order for any recommendation to be actioned by employers, the issue of school funding needs to be addressed. Therefore, the STRB should include, as a specific recommendation that HM Government returns to the principle of fully funded pay awards. Without this we will see an increasing number of employers citing budget constraints for not awarding the uplift to any staff other than those on the minimum of a range. Budget pressures are such that the only way that schools would be able to implement unfunded pay rises is by reducing curriculum choice for students,

increasing class sizes and teacher workload. Unfunded pay rises would undoubtedly lead to a reduction in the number of teachers a school could afford.

## Argument

### Current Picture

- 7 The last time the STRB were able to make an unfettered recommendation on teachers' pay was for the September 2010 award. Since then, despite evidence from consultees that has shown the negative impact the real terms decline in pay has had on recruitment and retention, we have had a year on year compounding of a two year pay freeze, followed by five years of, at best, for the vast majority of teachers, a 1% uplift. This decline in teachers' pay has been in sharp contrast to the general trend across OECD countries, where teachers in advanced countries have seen an increase over a ten year period of 6% compared to a 12% decline in England.
- 8 Teachers' pay continues to compare unfavourably with other graduate starting salaries. At the UK's leading graduate employers, salaries are expected to remain unchanged for the fourth consecutive year in 2018, with a median starting salary of £30,000. Despite this, teachers' starting salaries continue to lag behind at between £22,917 outside London and £28,660 in Inner London.
- 9 Early-career-years' teaching salaries are not meeting the expectations of final year undergraduates. Research by High Fliers showed the salary they expected to be paid five years after leaving university to be an average of £43,200, with a sixth of respondents believing they will be earning £100,000 or more by the age of 30.<sup>1</sup> In teaching, assuming a graduate progresses to the top of the MPR, the respective salary outside of London and in Inner London will in fact be £33,824 and £39,006<sup>2</sup>.
- 10 We have long argued about the importance of maintaining a separate 'cost of living' award, and do not intend to re-rehearse those arguments again. Rather you should be aware that by not ensuring teachers receive an annual uplift there is not only a dereliction in the whole purpose of ensuring 'sufficient quantity and quality of teachers', but also that an increasing number of teachers who are facing significant financial hardship.
- 11 The recent Public Accounts Committee Report '*Retaining and Developing the Teaching Workforce*' reported that factors affecting the cost of living (for example house prices) were the second most significant barrier to teacher retention. Findings backed up in a recent press release from the Education Support Partnership<sup>3</sup> which showed that there had been a 40% increase in applications from teachers, support staff and lecturers needing their help, with the majority of applications requesting support with housing costs. Their spokesperson said "*We've seen a real surge in teachers applying to our grants scheme in the major cities and areas where pressure on housing and living costs are high.*" This is supported further by The Teachers' Housing Association who have said that they have noticed a surge in applications from teachers living in unsuitable accommodation. They carried out a project in Croydon which saw 75% of the teachers housed either homeless or struggling to pay their rent.

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<sup>1</sup> High Fliers 'The UK Graduates Career Survey 2017'

<sup>2</sup> These figures assume the employer uplifted the MPR by 2% in 2016 and has uplifted it by 1% in other years.

<sup>3</sup> 18 January 2018

### **Award to be applied consistently**

- 12 Our position remains the same as in previous years. Pay erosion over the last few years has been felt equally across all pay ranges and any pay award for 2018/19 should be applied to all pay ranges and to allowances in order to avoid potential financial hardship.
- 13 Linked to this, any recommendation should include the point that the uplift to the minimum and maximum of the range should also be passed on to all points on that range in an employers' pay policy.
- 14 Not doing this means that employers will increasingly do what we have seen some employers do this year, which is to award the uplift to those on the minimum and maximum of a range or indeed just the minimum. We estimate that a third of employers did that this year, with some academy employers not even uplifting those on the minimum of the ranges. Their rationale for doing this has been budget constraints and has not been linked to performance. This undermining of the ranges by employers, whilst understandable in part from a short term budget standpoint, is detrimental to teaching as an attractive profession. The reason we have the STRB is to ensure that the pay and reward system keeps teaching competitive, not just at the entry point but throughout a teacher's career. If employers are permitted to continue to erode the system then we can expect to see a worsening of the recruitment and retention crisis.

### **Recruitment and Retention**

- 15 The recruitment and retention crisis continues. There is a projected increase of nearly half a million additional children in the school system in the next six years and there will be a pressing need to increase the teaching workforce. Our position on this is reinforced by the findings in the PAC Report.

### **Recruitment**

- 16 The Figures from the Department for Education show that just 80% of the targeted trainee teachers were recruited on to schemes in 2017 and targets were hit in only two of 15 subjects (Physical Education and History). We have submitted evidence previously about the compound effect of the missed targets, and this is now the fifth year in a row teacher training targets have been missed. You will also be aware that we believe the recruitment targets are insufficient to meet schools' requirements.
- 17 However, if we accept that every year, approximately 30,000 new teachers need to be recruited: there were 27,895 new entrants to postgraduate Initial Teacher Training courses in the academic year 2017 to 2018, compared with 26,750 in academic year 2016 to 2017. Teacher training applications have fallen by a third in a year, with figures showing that 12,820 people applied for postgraduate routes into teaching starting this autumn by mid-December, compared to 19,330 people at the same stage in 2016 and 20,330 in 2015.
- 18 This is in line with the High Fliers findings that the volume of applicants for teaching fell for the fifth consecutive year.<sup>4</sup>
- 19 All of this is against an economic backdrop that should make recruitment into the profession more favourable, with graduate market uncertainty due to Brexit. Research

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<sup>4</sup> High Fliers 'The UK Graduate Careers Survey 2017'

from High Fliers shows that graduate recruitment was down 4.9% in 2017, the first drop in graduate recruitment for five years and the biggest annual fall recorded since 2009. However, teaching didn't benefit from this, which doesn't bode well given the market is cautiously optimistic for 2018, with graduate recruitment at the country's top employers expected to increase by 3.6% this year<sup>5</sup> (which may, in part, explain the teacher training applications dropping by a third).

- 20 Research from Institute for Fiscal Studies found new workers in a recession are around 10% more likely to be unemployed. Yet again, we are not seeing this result in an increase in interest in teaching as a profession, despite, as the PAC Report highlighted, the Government spending 15 times more money on teacher training and recruitment than on retention.

### **Retention**

- 21 The DfE's own statistics indicate that the number of teachers leaving the profession is continuing to rise. Research from the NFER<sup>6</sup> has shown "*that rates of teachers leaving the profession are highest in the first few years after qualifying to teach, for teachers of all secondary subjects and for primary school teachers. This has consistently been the case for at least 15 years.*" It is, of course, much easier to make a career change early on when there is relatively little investment, and when staff are less likely to be settled with a family and a home.
- 22 The NFER research also found that leaving rates are particularly high for early-career teachers in shortage subjects, with the leaving rates of mathematics, science and languages teachers being above average in their first five years in the profession.
- 23 We have already mentioned the issue of some employers not passing on the annual uplift to all staff, and this is undoubtedly having an impact on retention, as poor rates of pay and often inflexible working practices (lack of opportunity to work from home; part time working not always available, particularly at senior levels; little flexibility over working hours etc.), which compare unfavourably with other professions, come together to encourage those in the early years of their career to leave.
- 24 Teachers' pay needs to be attractive throughout the ranges if teaching is going to remain attractive, both at traditional attrition points and to possible returners. Figures from a recent Labour Force Survey show that two-thirds of mothers of under-fives are returning to work, the highest recorded percentage<sup>7</sup>. The economic squeeze is believed to be behind the increase, but if teaching can prove its attractiveness to mothers, both in terms of flexibility and pay, then there are recruitment and retention wins to be had.
- 25 We have been disappointed by the lack of ambition shown by the Department around the use of student loan 'forgiveness', something that has the potential to make a real impact. The pilot is not due to start until 2019 and will, we believe have a relatively small impact, potentially only moving teachers around and not actually meeting the overall issue of need. With student debt now at a record average of £37,700<sup>8</sup> this seems to be a missed opportunity. We have noted Robert Halfon's idea for stratified fees for degrees that are in shortage subjects, but without a tie in to a sustained period in teaching this again would do little to address issues facing the profession. We have

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<sup>5</sup> High Fliers 'The Graduate Market in 2018'

<sup>6</sup> NFER Teacher Retention and Turnover Research

<sup>7</sup> ONS Statistical Release

<sup>8</sup> High Fliers 'The UK Graduate Careers Survey 2017'

talked previously about the poor use of expensive bursaries and the lack of any associated 'golden handcuff' arrangements.

- 26 Yet, the issue of retention is not solely one pertaining to the early career years. The NFER research also showed that the leaving rate for secondary school teachers who qualified more than twenty years ago was slightly higher than mid-career teachers. Their evidence highlighted that the proportion of classroom secondary teachers in the workforce aged 50+ had fallen from 21.6% in 2010 to 16.4% in 2015. Members report an increasing number of staff moving abroad to teach.
- 27 In a separate paper on headteacher retention<sup>9</sup> the NFER stated that 7% of primary school heads and 10% of secondary school heads leave headship each year before retirement age.
- 28 Yet despite all of this evidence, the department has failed to tackle the issue of retention in schools, a finding supported by the recent PAC Report, whose Chair, Meg Hillier, MP states "*There is a real danger that, without meaningful intervention from Government, these challenges will become an intractable threat to children's education*".

### **Impact**

- 29 The impact on pupils of the recruitment and retention crisis was highlighted by the Social Mobility Commission who did some analysis of official data in September 2017 and showed that there were 920 vacancies for full-time permanent teachers in state-funded schools in England the previous year, a rate of 0.3% of the total posts in the country. A further 3,280 full time posts, 0.9%, were being temporarily filled.
- 30 They found that, across England, a total of 12.3% of schools reported either a vacancy or a temporarily filled post. Separate data published by education recruitment service Eteach showed there were nearly 14,000 vacancies at the start of the 2017/18 school year, a 9% increase on the previous year: meaning at least 300,000 pupils were without a permanent classroom teacher.

### **School Funding**

- 31 ASCL has raised vigorously, and will continue to raise, with HM Government, the major problems that schools and colleges have managing the cumulative impact of years of 'flat cash' and the significant increases in costs, many of which have been imposed by the government itself.
- 32 The key funding issues include:
- No increase in the per-pupil funding rate with only a minimal, well below cost level, uplift now planned for 2018-19.
  - An increase in employers' contributions to Teachers' Pensions of 2.38% from September 2015.
  - An increase in employers' contributions to National Insurance of 3.4% for the main NI pay band from April 2016.
  - The Education Service Grant (ESG) first being reduced from £140 per pupil to £87 per pupil and then abolished completely for academies.
  - No uplift to fund pay awards for teachers or support staff.
  - No uplift for general inflationary costs.

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<sup>9</sup> NFER Keeping Your Head

The full single year cost to an individual school of the above changes is in excess of 4%.

- 33 To put just one of these into context, should the support staff pay award be accepted by the unions, this will mean an average additional cost of 0.65% on a school budget in the first year, rising to 1.35% in the second year. For a fairly typical secondary school with a budget of £5m that means a total additional cost of £100,000 to the school by the end of year two.
- 34 In addition to these cost pressures many schools and all colleges are now subject to the apprenticeship levy. Although ASCL supports the apprenticeship route, this levy is, in essence, an additional tax on schools and colleges as only a few schools have the flexibility in their staffing arrangements to employ meaningful numbers of apprentices.
- 35 The National Audit Office estimated that the impact of the additional cost pressures on schools over the duration of parliament from 2015-2020 would mean an 8% increase in the cost of running a school. With 'flat cash' and the removal of the ESG, in essence this meant that all schools would experience a significant 'real term' cut.
- 36 This was further evidenced in a report from the Institute of Fiscal Studies (IFS) in February 2017 that indicated a 6.5% per pupil reduction by 2019/20.
- 37 The recent addition to the schools' budget announced by the Secretary of State for Education in July 2017 of £1.3bn by 2019-20 is a helpful start to addressing the issue of school underfunding but still leaves schools well short of the required level. Following this announcement the IFS indicated that this will only reduce the real terms cuts to school funding between 2015 and 2020 from 6.5% to 4.6%.
- 38 The position for funding 16-19 year olds is far worse. They have experienced real cuts to funding as well as the impact of the cost pressures mentioned in paragraph 31 above. They have already lost 6.7% since 2010 leading to a drop of over 13% in the decade leading up to the next General Election.
- 39 The cumulative effect of unfunded cost pressures and actual reductions to school funding allocations, such as through the reduction and then removal of the ESG, has left schools in significant difficulties and unable to offer the quality of education that they are striving to provide and which our young people deserve.
- 40 ASCL gathered evidence on the impact of funding reductions and increased cost pressures at the start of 2017.
- 41 The headline results of our national survey showed that:
  - 95% of schools have had to cut back on support services for students.
  - 68% say enrichment activities have had to be reduced. Enrichment activities are not icing on the cake; they are key aspects of a school's overall curricular provision. Both the CBI and DfE have emphasised the importance of such activities in developing positive character traits (such as resilience, creativity, team working and self-confidence) which enhance the life and employability skills of young people.
  - 82% said class sizes have had to increase: 60% said by five or fewer pupils per class; 20% said between six and 10 pupils per class.
- 42 Looking at the school's largest class size, the average response was 33 pupils and around 12% said their largest class size was now 35 or more pupils.

- 43 The impact on the curriculum has also been significant as 72%of schools say GCSE courses or vocational subjects have been removed at Key Stage 4.
- 44 Removing courses limits students' qualification options and could impact on their future career prospects. Schools and colleges are not removing these courses because they want to but because financially they effectively have no option.
- 45 It is therefore little wonder that we see some employers choosing not to pass on the annual uplift, despite the problems with recruitment and retention.
- 46 Although in discussions with ASCL the STRB have recognised that there are significant funding issues for schools, they have not made any recommendation about how the pay award should be funded in the past. However, if their recommendation is going to have any impact then it must be fully funded.

### **Conclusion**

- 47 Now that the public sector pay cap has been lifted we call upon the STRB to review the state of teachers' pay in light of the current recruitment and retention crisis, as well as the real terms cuts of the last seven years, and to make an award that will start to address the issues facing the profession.
- 48 Given the retention issues at all stages and the real terms pay cuts faced by all, we call on the STRB to make an across the board award to all ranges and allowances.
- 49 To address the increasing number of employers who, because of funding pressures, are being forced to undermine the STRB's recommendations and attempts to improve recruitment and retention, we call on the STRB to recommend that the annual uplift be applied to all points (fixed or otherwise) in an employers' pay policy.
- 50 In order that employers are able to afford to pay teachers the annual uplift they deserve, that the STRB recommend that HM Government fully fund any award.
- 51 I hope that this is of value to your consultation, ASCL is willing to be further consulted and to assist in any way that it can.

Sara Ford  
Association of School and College Leaders  
2 February 2018