SUBMISSION

EVIDENCE

TO THE SCHOOL TEACHERS' REVIEW BODY

NOVEMBER 2015

The NASUWT is the largest union representing teachers and headteachers in the UK.

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SECTION 1: INTRODUCTION

1.1 The NASUWT welcomes the opportunity to make a written submission to the School Teachers' Review Body (Review Body) on the matters referred to it by the Secretary of State for Education in her letter of 7 October 2015.

1.2 The NASUWT believes that the Review Body has reached a crucial period in its existence. Since 1992, when the Review Body published its First Report, it has served teachers better than the national pay bargaining machinery which it replaced. In particular, from 2002-2010 the Review Body's Reports led to unparalleled and historic improvements in teachers' pay and conditions, which resulted in an equally unparalleled and historic raising of standards.

1.3 Nevertheless, the NASUWT believes that the Review Body process has become compromised because of the restrictions placed on it by the Treasury. The NASUWT and its members have valued the Review Body because it has been able to review the evidence submitted, exercise independence and make recommendations accordingly. However, the NASUWT believes that there is now an increasing danger of a disconnect between the conclusions which the Review Body draws and the recommendations which it makes.

1.4 The NASUWT draws to the Review Body's attention the differences between the approach it has taken to its remit on conditions of service matters and its remit on pay matters. The Review Body has demonstrated independence when discharging its remit for conditions of service, for example in its 23rd Report. With regard to pay matters, the NASUWT appreciates that the Review Body is being placed in an invidious position by the Treasury, but believes that, given the seriousness of the situation on teachers' pay and teacher supply, the Review Body cannot simply accept the Treasury's constraints.

1.5 Now, more than ever, teachers need their Review Body to be independent of Government.

1.6 Since 2010, there has been a dramatic fall in teachers' take-home pay and a growing crisis in teacher supply. The NASUWT welcomed the Review Body's acknowledgement of the increasingly uncompetitive nature of teachers' salaries in its 25th Report, but was deeply disappointed by the Review Body's continuing acceptance of the Treasury's policy of pay restraint, reflected in the recommendations.

1.7 The Review Body must ensure that it maintains a role which is far more than simply benchmarking the impact of the Treasury's pay restraint across the teaching profession.

1.8 In its 25th Report, the Review Body acknowledged the growing seriousness of the teacher shortage:

'Our analysis of the economic and labour market context has highlighted the challenging climate for schools, with tight budgets, demographics driving up pupil numbers and an increasingly competitive graduate labour market. We received evidence that the recruitment and retention pressures on which we

commented in our last report had become more acute and the latest national data suggested the position had further deteriorated

'Our analysis of earnings data showed a gap between starting and profession-wide pay for teachers and that for other professional occupations across most of the country. It also showed salary progression is faster for able graduates in other professions in the first three to five years, with the opportunity to reach higher levels of earnings as their careers progress subsequently.'[1]

1.9 In the same Report, the Review Body concluded:

'There is a substantial body of evidence that recruitment of good teachers is becoming harder. We have noted the fall in recruitment to initial teacher training both against the Department's own targets and in absolute terms; the evidence from surveys of school leaders and from our own first-hand experience of talking to teachers, school leaders and local authorities. We are also aware that improvements in the economy are increasing the competition for the best graduates, and driving higher starting salaries. The most recent evidence shows emerging pressures on retention after three years'.[2]

1.10 However, even though the Review Body recognised the problems, there were no recommendations for an above-inflation pay award, and even though a pay uplift was given to all pay values in the School Teachers' Pay and Conditions Document (STPCD), schools were able to exercise discretion over pay values between the minima and maxima of the pay ranges in the STPCD.

1.11 The recommendations in the Review Body's 25th Report regrettably have led to chaos across schools, with flexibilities being exercised not to reward good teachers but to withhold pay from teachers, often in an unfair and discriminatory manner. When the pay flexibilities introduced in 2013 were first proposed, the NASUWT stated that there was the potential for it to become across schools like the 'Wild West' with regard to pay. That is now the situation teachers face.

1.12 Since the Review Body's 25th Report, the NASUWT believes that there is clear evidence that the teacher supply crisis has worsened. The Secretary of State's remit letter of 7 October 2015 asks the Review Body to reflect seriously on the changes to the teachers' pay and conditions framework which have been made in the last three years and their impact. The NASUWT believes that its evidence demonstrates that the trends associated with increased employer discretion and flexibility have had a detrimental impact on teachers' pay, including on teachers with protected characteristics.

1.13 In its 25th Report, the Review Body stated that the purpose of its recommended flexibilities was to enable pay progression for good teachers:

'As we have noted earlier, subject to good performance, teachers should expect to progress to the maximum of the main pay range within five years, and the best teachers should expect to do so more quickly. We have received evidence which suggests that some schools might be holding back

[1] School Teachers' Review Body 25th Report, Executive Summary, page ix.
[2] Ibid, paragraph 4.16.

progression on grounds of affordability, rather than performance. We urge those schools to consider carefully the risks to teacher retention associated with such a policy.'[3]

1.14 The NASUWT has gathered clear evidence of limitations being placed on pay progression by some schools and local authorities (LAs).

1.15 The NASUWT draws to the attention of the Review Body the significant difficulties caused by the Department for Education's (DfE's) non-statutory pay advice, *'Implementing your school's approach to pay',* which purports to advise schools on the implementation of the September 2015 pay award. This has contributed to the aspiration of good teachers being rewarded being frustrated.

1.16 Despite the confusion and difficulties associated with the implementation of the September 2015 pay award apparent in some maintained schools and LAs, in many of the largest employers of teachers, national and cross-regional Multi-Academy Trusts (MATs), there has been the creation of a pay framework in consultation with the NASUWT. This has led to a more coherent approach, with teachers across the board in those schools receiving the 1% uplift and 2% on the maximum of the main pay range.

1.17 It is a cause of concern that this pattern of implementation has not been replicated in all LA maintained schools where the pay award is a statutory provision.

1.18 Likewise, in Wales, where there has been the creation of an all-Wales approach by LAs to teachers' pay, in consultation with the NASUWT, there is increasing evidence that the generality of teachers are receiving the 2015-16 pay award (1% pay increases to teachers on the minima and maxima of the pay ranges, with the exception of the main pay range where the teachers on the maxima are receiving 2% and 1% to all other teachers).

1.19 It is, therefore, vital that the Review Body's 26th Report recommends a significantly different approach to the 25th Report. The NASUWT's submission highlights the approach the Union believes is required.

The Chief Secretary to the Treasury's correspondence to Review Body Chairs

1.20 The NASUWT's submission for the Review Body's 26th remit not only addresses in detail the matter of the application of the 2016/17 pay award and the specific issues set out in the Secretary of State's remit letter, but also continues to make the case for a pay award substantially above the Government's 1% pay capt. The NASUWT's submission once again rejects the Government's policy of imposing further constraints on the Review Body with regard to the pay of teachers, as set out in the letter of the Chief Secretary to the Treasury to Pay Review Body Chairs dated 19 August 2015.

1.21 The Chief Secretary to the Treasury's letter states that, *'The Government expects pay awards to be applied in a targeted manner to support the delivery*

[3] Ibid, paragraph 4.36.

of public services, and to address recruitment and retention pressures. This may mean that some workers could receive more than 1% while others could receive less; there should not be an expectation that every worker will receive a 1% award.'

1.22 The constraints the letter seeks to impose undermines the independence of the Review Body. In effect, the Chief Secretary to the Treasury is also seeking to set his own remit for the Review Body, alongside that of the Secretary of State for Education.

1.23 The impact of any Review Body recommendation which prevents some teachers from receiving a cost of living award will be to feed a 'perfect storm' for teacher supply, with excessive workload, deteriorating working conditions and devastatingly low morale all combining to deter new recruits and drive out current teachers.

1.24 The teacher shortage, which the Review Body identified in its 25th Report, is now a crisis.

1.25 Any acceptance of the Chief Secretary to the Treasury's pay constraints will further jeopardise educational standards.

1.26 The continuing cap on teachers' pay strikes at the heart of the entitlement of children and young people to be taught by those who are recognised and rewarded as highly skilled professionals. This combined with:

- increasing barriers to pay progression;
- the withholding of the 2015-16 pay award;
- detrimental pension reforms;
- excessive workload, which the Secretary of State's own 'workload challenge' evidence demonstrates, has reached unbearable levels for many teachers;
- marketisation of the school system;
- the deprofessionalisation of teachers, including through the removal of the requirement for qualified teacher status; and
- command and control school leadership styles in too many schools, which strip teachers of their professional agency;

have made teaching increasingly uncompetitive and unattractive and led to a teacher supply crisis.

1.27 Teachers' pay is now uncompetitive. Teachers are moderate earners and classroom teachers' average annual pay decreased by £200 from 2013 to 2014 and from £34,500 (2013) to £34,300 (2014). Teachers' pay has also become more uncompetitive in recent years in an international context.

1.28 The Secretary of State for Education has charged the Review Body to have regard to the Chancellor of the Exchequer's Spending Review statement of July 2015. This highlights the savings Government departments are being required to consider, 25% and 40% savings in real terms[4], by 2019-20. Within this context, it is even more unacceptable that spending continues to be

[4] A country that lives within its means, Spending Review 2015, paragraph 4.3.

diverted to the Government's vanity projects of free schools,[5] academy chain expansion and incentivising new sponsors,[6] which the Spending Review identifies as key Government priorities.

1.29 The Comprehensive Spending Review was published on 25 November 2015.[7] The Chancellor announced that school budgets will be protected in real terms during the Spending Review period. In addition, £390 million of additional funding will be given to the worst-funded areas in 2015-16. The pupil premium will also be protected at current rates. Taken in conjunction with the evidence about affordability in this submission, this supports the NASUWT's position that a substantial, above-inflation pay increase for teachers is affordable, both nationally and at school-level.

1.30 In the remit set by the Secretary of State for Education there is a request for the Review Body to consider more flexibility to the pay conditions framework to allow teachers to be moved down the pay ranges.

1.31 The Review Body has been asked by the Secretary of State to reflect on the impact of those pay flexibilities which have been introduced into the pay system since 2013. These are summarised below.

2013

- Classroom teachers' pay scales were removed from Section 2 of the STPCD, but remained in a separate Annex as discretionary pay reference points.
- Classroom teacher pay ranges were published.
- New arrangements for pay linked to performance were introduced for classroom teachers, but schools could continue to use elements of their previous pay progression processes.
- Pay portability ceased to be an entitlement for teachers when moving schools.
- Teaching and Learning Responsibility (TLR)3 payments were introduced.

2014

- All schools implemented new arrangements for classroom teacher performance pay progression.
- Discretionary reference points were removed from the STPCD entirely but were published in Department for Education (DfE) pay advice.
- Leadership pay scales were replaced by pay ranges.
- New arrangements for leadership pay progression and setting the starting pay of school leaders were introduced.
- A discretion not to pay the cost of living award to some teachers was introduced.

[5] Ibid, paragraph 2.3.
[6] Ibid, paragraph 3.11.
[7] Spending Review and Autumn Statement 2015.

2015

- The DfE removed discretionary reference points from its pay advice.
- The discretion not to pay the cost of living award to some teachers was continued.

1.32 Quantitative data on the impact of these changes since 2013, particularly the most recent changes, is sparse. This poses a significant challenge for the Review Body in assessing the impact of pay reform. The NASUWT has drawn on 2013 datasets to inform this submission in order to benchmark teachers' pay before the pay flexibilities of the last two years began to be applied by schools. The NASUWT does intend to present additional evidence on quantitative datasets which it has commissioned and which will be completed in time for the Union's supplementary evidence.

1.33 The NASUWT has also commissioned research from the University of Warwick Institute for Employment Research on the impact of teachers' pay reform which will be published in 2016. However, this submission contains extracts from the forthcoming University of Warwick research.

1.34 The University of Warwick research is case study research into the impact of changes to the teachers' pay system, which includes the impact of the most recent pay discretions and flexibilities. These case studies are referenced throughout this submission.

1.35 The NASUWT's research indicates that the gender pay gap continues to be a reality for teachers and has grown for school leaders. Teaching is a largely female profession and when considering its 26th Report, the NASUWT asks the Review Body to address the gender pay gap.

1.36 Evidence also indicates that starting salaries for teachers in England are at a particularly low level, when compared with both domestic and international competitors. This is compounded when considered in the context of the pay flexibilities and discretions which mean that teachers have no certainty regarding pay progression and therefore the highest salary to which they can aspire with certainty is the starting salary. Evidence indicates a polarisation of teachers' pay, with the gaps between the lowest and the highest paid widening.

1.37 The NASUWT referenced earlier in this submission, the willingness of large national and cross-regional MATs to agree pay and conditions frameworks with the NASUWT. Notwithstanding this, the Union's evidence indicates that, in the academy sector as a whole, the pay of classroom teachers has also been depressed and the pay of school leaders has increased when compared with the maintained sector. The evidence supports the conclusion that, when increased flexibilities are utilised by schools, the gulf between teachers and school leaders widens.

1.38 In many cases, the pay flexibilities introduced since 2013 are being applied in an unfair and potentially discriminatory fashion, not only are they depressing pay but they also are driving excessive workload, which in turn is diverting teachers away from focusing on teaching and learning. There is also evidence that the pay flexibilities are being used increasingly as a vehicle for management bullying.

1.39 The NASUWT remains in a national trade dispute with the Secretary of State for Education, over pay, pensions and working conditions. The NASUWT national action, Standing up for Standards, which is pupil and parent friendly industrial action, is the only protection for teachers and school leaders at a time of continuing attacks on their terms and conditions. The remit set for the Review Body by the Secretary of State for Education will do little to address the NASUWT's trade dispute.

SECTION 2: THE POSITION ON TEACHERS' PAY

2.1 The Review Body set the context for consideration of its 26th remit in its 25th Report. In its analysis of the teacher labour market, the Review Body observed that earnings growth across the profession had been close to zero since 2010/11 and drew the following conclusions:

'In common with others across the public sector, teachers in England and Wales experienced two years of the pay scales being frozen, followed by two years of awards in line with the Government's public sector pay policy of an average 1% increase, in September 2013 and September 2014. Whilst many teachers have continued to receive progression-based increments of up to 8% on the main pay range, others (approximately 44%) are at the top of their respective pay ranges and have seen little change in their annual salary during this period unless they have taken on new responsibilities.' [8]

2.2 In order to inform the Review Body's 26th remit, it is vital that the Review Body has a clear picture of how teachers have fared in respect of the implementation of the 2015/16 pay award.

2.3 The Secretary of State's remit letter asks for recommendations on how to apply the pay award in 2016/17. An important context for these deliberations is the implementation of the 2015/16 pay award, including consideration of the impact of the wording of the 2015 STPCD and the DfE's accompanying pay advice.

2.4 In the 2015 STPCD, the DfE added provision for a 1% uplift to the maxima and minima of each of the pay ranges with the exception of:

- 2%, which was awarded to the maximum of the main pay range; and
- the maximum of the eight headteacher pay group ranges, where there was no increase.

2.5 The 2015 STPCD specifies that, *'For all other classroom teachers/leadership group members, schools must determine – in accordance with their own pay policy – how to apply the uplift to individual salaries and pay ranges and how to take account of the uplift to the national framework in making individual pay progression decisions.'*

2.6 The DfE's published pay advice to accompany the 2015 STPCD which was not subject to consultation. This advice is a compendium of different pieces of pay advice and is a highly confused document giving contradictory advice about the 2015-16 pay award, the use of evidence in the performance pay process and whether the pay and appraisal process should be a 'no surprises' process or not.

2.7 The publication of the DfE's advice was inconsistent with the statutory provisions in the 2015 STPCD and has led to the following variety of approaches to teachers' pay being adopted by some schools (sometimes in combination):

[8] STRB 25th Report, Paragraph 3.8.

- treating the maximum of the main pay range as a reference point, which could be ‘split’ into more than one pay value;
- treating the maximum of the main pay range as an ‘excellence point’, with a 2% pay uplift to the 2014 maximum of the main pay range only being awarded to teachers for ‘outstanding’ or ‘excellent’ performance;
- without consultation with staff or unions on the school’s pay policy, increasing the number of reference points between the minima and maxima of the pay ranges, to slow down pay progression.

2.8 The impact of these approaches is that it would take good teachers much longer than five years to reach the maximum of the main pay range, frustrating the intentions behind the Review Body’s recommendations.

2.9 The NASUWT also is extremely concerned about the widespread retrospective alteration of schools policy and practice in implementation of the 2015/16 pay award, as a result of the DfE’s advice. This has been compounded by advice from the Local Government Association (LGA).

2.10 The Review Body expressed its expectations about schools’ pay policies in its 25th Report: *‘Schools have now been through a complete cycle of taking individual decisions on performance-related pay progression and should have in place pay policies tailored to the needs of the school.’* [9]

2.11 It is therefore of concern that a significant number of schools failed to implement their existing pay policies or consult staff and unions in accordance with the Section 3 Guidance in the STPCD over changes to their pay policy.

2.12 The NASUWT referred earlier to the LGA’s advice. The LGA’s pay circular advised schools that they could split the maximum of the pay range, which is a statutory maximum. This has been profoundly unhelpful and contributed to the confusion across many maintained schools and LAs over the implementation of the 2015-16 pay award.

[9] STRB 25th Report, paragraph 4.31.

Case Study: Warwick University Institute for Employment Research

A female teacher described how her progression to the Upper Pay Spine (UPS) was seriously delayed by the misleading and incorrect information she had received from her headteacher. The headteacher delayed responding to her request to go onto the UPS and tried to put her off for several months. The teacher then sought advice from her union and provided the headteacher with information from the Government on the threshold process. The headteacher again failed to respond for a number of months. She eventually got the threshold and pay was backdated, but she felt that it had been a very stressful year before receiving it. She confirmed that the new pay policy had been approved by the governors, but that it had not been communicated to teachers and that the staff handbook had also not been updated. She has been unable to get hold of the school pay and conditions in the school, despite requesting it from the business manager. The school had a number of teachers who were subject leads, but were not on the TLR. She said that 'there have been lots of promises being made under the guise of the new policy. There has been lots of talk about the new policy, but it has not been seen. The school is making it up as they go along'. The TLR payment was being withheld. (Female teacher, interview.)

The implementation of the September 2015 pay award in England

2.13 The NASUWT's research indicates the extent to which teachers' pay has been depressed by pay flexibilities and discretions. This applies to both the September 2015 pay award and the implementation of performance pay.

2.14 In November 2015, the NASUWT conducted a pay survey which elicited around 7,000 responses. This included questions on the implementation of the September 2015/16 pay award.

2.15 In the maintained sector, where the pay award is a statutory entitlement, 47% of teachers reported they had not had a copy of their school's pay policy made available. 61% of teachers had not received either confirmation of a 1% pay increase. Only 4% of teachers on the maximum of the main pay range had received confirmation of a 2% increase.

2.16 Taking the academy and the maintained sectors together, an identical figure of 47% of teachers reported they had not had a copy of their school's pay policy made available. 57% had not received either confirmation of a 1% pay increase, and only 5% of teachers, on the maximum of the main pay range, had received confirmation of a 2% increase.

2.17 For teachers with protected characteristics (across both academy and LA maintained sectors), this situation worsened. 58% of black and minority ethnic (BME) teachers had not had a copy of their school's pay policy made available, with 53% of teachers with disabilities, 53% of teachers who were 50 or over and 49% of women, also reporting this.

2.18 67% of BME teachers had not received confirmation of a 1% pay increase.

2.19 In November 2015, the NASUWT carried out a survey of MATs which extend across more than one local government region, to gather information on the implementation of the 2015/16 pay award. Information was sought through the collective bargaining process from thirty nine MATs, which had adopted the STPCD as a contractual provision. 20 MATs provided confirmation to the NASUWT of their approach to the pay award and 19 confirmed that they intended to pay:

- a 2% increase to teachers on the maximum of the main pay range;
- a 1% increase to teachers on the minimum of all pay ranges and the maximum of all pay ranges apart from the main pay range and the headteacher group pay ranges; and
- a 1% increase to teachers on all pay values between the minimum and maximum of the pay ranges.

2.20 It is highly regrettable that some LA maintained schools and LAs failed to adopt such a clear approach to the implementation of the 2015/16 pay award.

The experience of teachers in Wales

2.21 In November 2015, the NASUWT carried out a pay survey at its NASUWT Wales Conference of over 100 teachers, following the adoption of an 'all Wales solution', referenced earlier in this submission, to the 2015/16 pay award by LAs in Wales. The 'all Wales solution' was to implement the pay award across all schools as follows:

- a 2% increase to all teachers on the maximum of the main pay range;
- a 1% increase to teachers on the minimum of all pay ranges and the maximum of pay ranges, apart from the main pay range and the headteacher group pay ranges; and
- a 1% increase to teachers on all pay values between the minimum and maximum of the pay ranges.

2.22 63% of teachers surveyed had received confirmation that they would receive a minimum 1% uplift to their pay in 2015/16. In addition, 46% of teachers who were on the maximum of the main pay range had received confirmation that they would receive a 2% pay increase in 2015/16. 17% of teachers were still awaiting confirmation of information about their pay award.

2.23 This demonstrates that a managed, coherent approach to pay across a unit larger than a single workplace mitigates against pay flexibilities being utilised to withhold pay, or to frustrate statutory provisions. In Wales, this is the outcome of clear national strategic leadership from the Welsh Government to LAs on pay, which is regrettably absent in England with the consequent adverse impact on teachers.

Pay progression in England

2.24 Unfortunately, teachers have gained little financial comfort from performance pay progression. The NASUWT's November 2015 pay survey supports the Union's widespread concerns about the implementation of performance pay which had been evident in individual and collective casework. The NASUWT's pay research also indicates similar concerns about the adverse impact of pay flexibilities on teachers with protected characteristics.

2.25 Despite DfE pay advice which was issued in March 2015, [10] advising that pay progression decisions should be made as soon as possible, 33% of teachers in the maintained sector had not been notified by November 2015 whether they would pay progression as a result of the 2014/15 performance management cycle.

2.26 This percentage increased to 56% for BME teachers, 52% for teachers with disabilities, 40% for teachers 50 and over, and 38% for women.

2.27 The survey showed a high level of dissatisfaction amongst teachers with the performance pay process. 30% of teachers have appealed against, or are currently in the process of appealing against, a pay decision made in 2014. This increases to 33% for teachers who are 30 or under.

2.28 16% of teachers do not believe that they were treated fairly in their last performance review, increasing to 29% of teachers with disabilities, 20% of BME teachers and 18% of teachers over 50.

2.29 10% of teachers believe that they have experienced discrimination, rising to a quarter (25%) of teachers with disabilities, 15% of BME teachers and 11% of teachers aged 50 or over.

2.30 The responses from teachers with protected characteristics are deeply concerning, particularly the very high numbers of teachers with disabilities who believe that they have been treated unfairly and experienced discrimination – 29% and 25% respectively.

2.31 10% of teachers have been refused pay progression this year, increasing to 12% for teachers over 50 and 12% for teachers with disabilities.

2.32 Objective setting is a key aspect of the performance management process. 14% of teachers believe that objectives which have been set for them for the current cycle are neither fair nor appropriate. This increases to 18% for BME teachers, 17% for teachers with disabilities and 15% for teachers over 50.

2.33 The DfE's March 2015 pay advice states:

'Effective professional development is an integral part of ensuring high-quality teaching and enabling teachers to meet the day to day challenges of teaching and manage teaching and learning effectively. This is important throughout a teacher's career.

'Conversations about professional development and a teacher's individual needs should be part of the appraisal process and in planning and review meetings in particular. It is good practice to consider school improvement needs alongside the personal development needs of teachers.

'Schools should identify sufficient resources to meet teachers' and school professional development needs.' [11]

[10] HR Practice in Relation to Teachers' Pay, DfE Advice, March 2015.
[11] Ibid, paragraphs 4-6.

2.34 The NASUWT's November 2015 pay survey indicates that 41% of teachers have not discussed professional development priorities with their school in the last year, increasing to 56% of teachers with disabilities, 50% of teachers over 50 and 46% of BME teachers.

2.35 59% of teachers report that their school has not confirmed any time for Continuing Professional Development (CPD) this year, increasing to 72% of teachers with disabilities, 68% of teachers over 50 and 53% of BME teachers.

2.36 The lack of provision of CPD in the 2014/15 School Year is a continuing trend. 35% of teachers indicate that their school did not provide them with CPD last year, rising to 59% of teachers with disabilities, 41% of BME teachers and 42% of teachers who are 50 or older.

Case Study: University of Warwick Institute for Employment Research

A young female BME teacher believed that BME teachers were less likely to get pay increases resulting from an all-white senior leadership team in the school (only two subject heads were from BME backgrounds although the majority of students attending the school were BME). She said that if 'you are a friend of a friend you get promoted and given management opportunities more quickly. It's about if your face fits'. She was looking to move schools in a few years, as she was a subject specialist and would like to run the department and did not think she would have the opportunity at her current school. She said that when she was a Newly Qualified Teacher (NQT) in her previous school, she was bullied to meet targets and pressurised to do more work (Female BME teacher, interview.)

In Teachers' Own Words…

2.37 In addition to collecting quantitative data, the NASUWT's November 2015 pay survey provided teachers with a free text opportunity to identify reasons why they did not appeal against the denial of pay progression. The responses include the following comments, grouped in the broad categories which emerged from the comments.

I don’t intend to appeal because:

My workload will increase if I achieve pay progression

‘Because it was made clear that any pay progression would mean an increase in expectations both in terms of workload and management scrutiny. I already work between 75-90 hours per week as I have recently moved to teaching UKS2 and have the SENCO role as well. I have been judged as outstanding but the workload is punishing and I cannot agree to anything that could create further pressure on my health and wellbeing. I was a late entrant to teaching, having previously worked as a solicitor for many years and I did not enter the profession for financial reasons. Notwithstanding this, I cannot see that I can continue for much longer at this rate of effort.’

‘To progress I need to go through the threshold and have been told I need to produce a file of evidence and take on additional responsibility to subject leadership of art and design technology. Already under pressure from general workload to take anything extra on. Already monitor progression, develop curriculum and audit + order new stock. Not sure what else I can do?’

‘I am exhausted by the entire CPD process, which included collecting enormous amounts of evidence, so to appeal it and go through that process again would be beyond painful to me.’

‘I am on UPS 2 and have been for five years. My school have advised me that it would be a lot of additional work for me to go onto UPS 3.’

Pay progression is not an option in my school

‘Would have been seen as a sign of disloyalty(!)’

‘All wages have been frozen as of this year.’

‘The head delivered the decision to me in person with the threatening advice "Don't bother appealing, it’s not worth it and won't be successful."’

‘I am on UPS 1 and have been for almost ten years but my school will only allow progression to UPS 2 if you are a member of the SLT which I am not. I cannot do any more work than I already do so will remain on UPS 1 as even when I was subject leader for two subjects that was not enough for me to progress.’

I fear I will be victimised if I appeal

‘Not worth the hassle – they will just make sure I teach where I am not suited/ not consider me for training or other posts. Might as well live with it and hope to get the increment next year!’

‘Teachers in my school on the upper pay range are being harassed and I need to keep my job until I can retire. Harassment through lesson observation, sickness management and threats of disciplinary procedures. I have applied for other positions but without luck so far.’

‘The head will not agree to it and after my second child I would like to return to work three days a week rather than the current four – it is not worth making a fuss as she will be less likely to allow a change to my contract.’

‘Too scared of the repercussions on my long-term future. Boss is vindictive and manipulative.’

‘Because in all honesty I am scared to appeal. My headteacher is awful and will make my life even more difficult than she already does!’

My school will discriminate against me

‘I was on maternity leave last year so it has been decided that I have not got enough evidence of achieving the standards.’

‘Although I met my targets last academic year, being on upper pay scale and as a part time teacher I would not be able to fulfil the requirements on the next level of UPS due to my working hours and roles within school.’

‘Because I am on Main Scale 6 and can't progress without going through threshold and as I'm part time will possibly wait until my children are older and I am full time.’

I have to carry out non-teaching activities to achieve pay progression

‘Because my headteacher has stated that I did not complete my personal target (sorting and finishing the pond area so that children could use the area) on time. She felt that she had to remind me to complete this although I knew that work had to be carried out. I have completed work on the pond so it is useable and children can now access this, although I have not planted any plants in the area which is what the headteacher expected. The site manager stated that plants should not be planted until it is the correct season and that there was a delay with work on the pond as building work was being carried out in school for most of 2014-2015, blocking access to the pond area and equipment. Building work finished in May 2015.

‘The children have contributed to restoring the pond and some children have used it along with special needs children. The pond area is useable and accessible to children now.

'I felt that I could not appeal against the decision and felt upset during the meeting as I have tried to do what I can on it and it wasn't an easy case of just doing it. There was a lot of garden work, weeding, cutting grass, that was needed and therefore I have accepted her decision which resulted in the headteacher confirming staying on M5. To appeal against the decision would be more hassle than it's worth and I have accepted the decision to stay on the same pay scale today, Friday 23rd October 2015, and accepted that I may not have completed the pond to the standard which was agreed. This area on the performance management was graded between a 2 and 3. I not sure if I should have appealed or justified myself more in the meeting but I did not feel I could cope with this today.'

I decided to leave teaching

'I resigned instead! I was working over 60 hours per week for a Main Scale 3 pay and found out that my TA (a Grade 4 TLA who worked 9-3.30 Mon-Thurs. and 9-12.30 Fri) was taking home £200 per month more than I! This I found to be the nail in the coffin for me. I was responsible for giving her the work she did and she earned more than me. I also had all the responsibility for performance of my pupils; any lack of progression due to her performance would have been ignored! What is happening to teaching, I ask? I shall now do supply teaching unless this ridiculous workload changes, until I retire.'

2.38 This is a shameful catalogue of inappropriate objectives, discriminatory practices and bullying and intimidation.

2.39 As the Review Body is aware, the NASUWT it is not opposed in principle to a link between performance and pay. If the system is fair and transparent with appropriate safeguards, it can be a valuable element of a fair pay system for teachers, which enhances standards of teaching and learning. Such a pay system was being developed between 2002 and 2010.

2.40 However, the examples above are evidence of a broken and flawed system. In addition to examples highlighting unlawful discrimination against teachers with protected characteristics (such as teachers on maternity leave), it is evident that bullying and harassing practices are rife. It is also difficult to comprehend how cutting grass and weeding flower-beds contributes to more effective teaching and learning.

2.41 These examples are not isolated or extreme. They are examples of a culture increasingly widespread in schools which undermines teachers' professionalism as well as their pay progression.

2.42 At the NASUWT's 2015 Disabled Teachers' Consultation Conference, all the disabled teachers present who were in their first year of teaching said that 'making ends meet financially' was their main concern regarding their job at the moment. 55% of disabled teachers said that they had experienced discrimination in relation to pay and career progression in the last 12 months.

Teacher Hardship

2.43 The NASUWT's Benevolent Fund receives requests for assistance from teachers facing hardship. In 2013 and 2014, the NASUWT received a higher number of applications for benevolence assistance when compared with previous years. Many applicants were facing escalating financial difficulties and unmanageable credit debts.

2.44 Over half of the NASUWT's single payment grants to applicants in 2014 were to members facing financial hardship.

2.45 The pattern of grants awarded for hardship reasons supports the conclusions of other NASUWT research that substantial cuts in teachers' pay have led to hardship. In 2014, the NASUWT gave most support to young teachers and late entrants to the profession who suffered from particularly from the depression of teachers' pay.

2.46 In all cases where teachers sought NASUWT benevolence assistance, teachers had attempted, without success, to juggle debt through short and long term loans.

2.47 In March 2015, the NASUWT carried out its Annual Big Question Survey of members' attitudes to teaching which it has been conducting since 2011. This demonstrated an increase in the number of teachers concerned about their pay and it is clear that many teachers are suffering financially.

England

2.48. According to the 2015 survey, over the last twelve months:

- 37% of teachers have cut back expenditure on food;
- 51% of teachers have cut back expenditure on clothing;
- 24% of teachers have cut back expenditure on essential household items;
- 25% of teachers have increased their use of credit;
- 60% of teachers are unable to save;
- 32% of teachers have had to delay eventual household repairs;
- 7% of teachers have had to take a second job, despite the profound increases in workload, which have exacerbated the crisis in teacher supply.

Wales

2.49 The 2015 survey data from Wales indicates that Welsh teachers are suffering even greater hardship.

2.50 Over the last twelve months:

- 38% of teachers have cut back expenditure on food;
- 55% of teachers have cut back expenditure on clothing;
- 26% of teachers have cut back expenditure on essential household items;
- 33% of teachers have increased their use of credit;
- 67% of teachers are unable to save;

- 38% of teachers have had to delay household repairs;
- again, as in England, 7% of teachers have had to take a second job, despite the profound increases in workload, which have exacerbated the crisis in teacher supply.

Opt-outs from the Teachers' Pension Scheme (TPS)

2.51 The latest TPS opt-out data collected by the DfE indicates the financial hardship pressures which are driving teachers to relinquish their pension entirely.

2.52 The opt-out data collected by the DfE for March 2015, the last month for which the DfE has provided monthly opt-out data which enables clear comparisons to be made with previous datasets, confirms that for the Scheme year there were a total of 5,801 elections to opt out. This is an increase of 2,465 (42.5%) on the same period in 2013-14.

2.53 The opt-out data continues to demonstrate that it is Scheme members with relatively little service who are deciding to opt out of the TPS. As with previous months, the highest numbers of those opting out have less than five years' service. In total, 73% of all opt-outs in March had less than five years' service and 87% had less than ten years' service. Of the 353 opt-outs with less than five years' service, 62% had no full years' service (i.e. they are teachers opting out at the start of their teaching career), 15% had one year, 10% had two years, 6% had three years and 7% had four years.

2.54 The figures show that the majority of the increase in March 2015, when compared to March 2014, is from members with less than five years' service. The majority of service levels saw an increase, with the exception of those with more than 30 years' service. All levels above this saw a decrease.

2.55 The DfE's March 2015 data confirms:

- 52.5% of members opted out due to personal financial reasons;
- 1% opted out as a result of the contribution increase;
- 0.5% opted out as a result of scheme reforms other than contribution increases;
- 1.7% joined other schemes;
- 4.8% left teaching;
- 16.0% indicated 'other';
- 20.2% opted out as a result of auto-enrolment; and
- 3.3% of members did not provide a reason for opting out.

2.56 Over half of TPS members who opted out did so for 'personal financial reasons'.

2.57 The clear focus of opt-outs on younger teachers, women and part-time workers can be seen in the following distribution graphs.

Figure 1

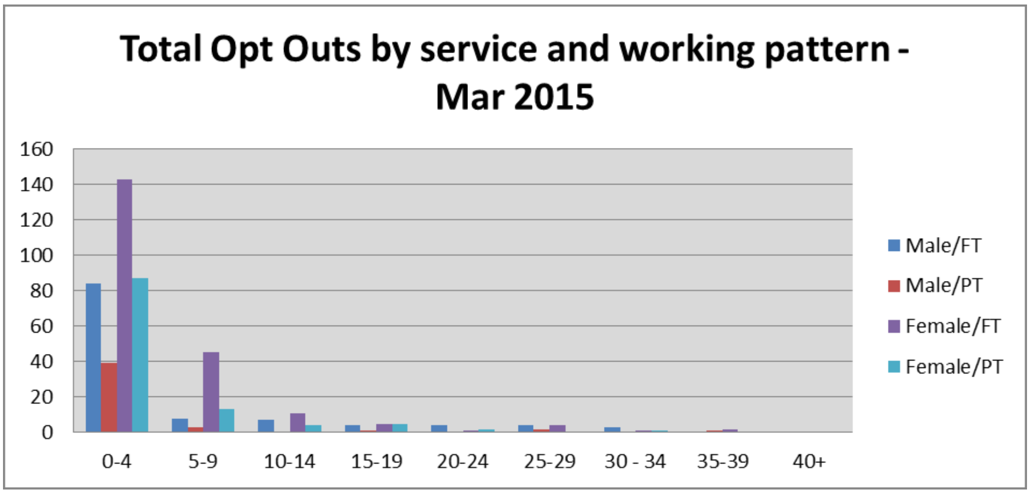
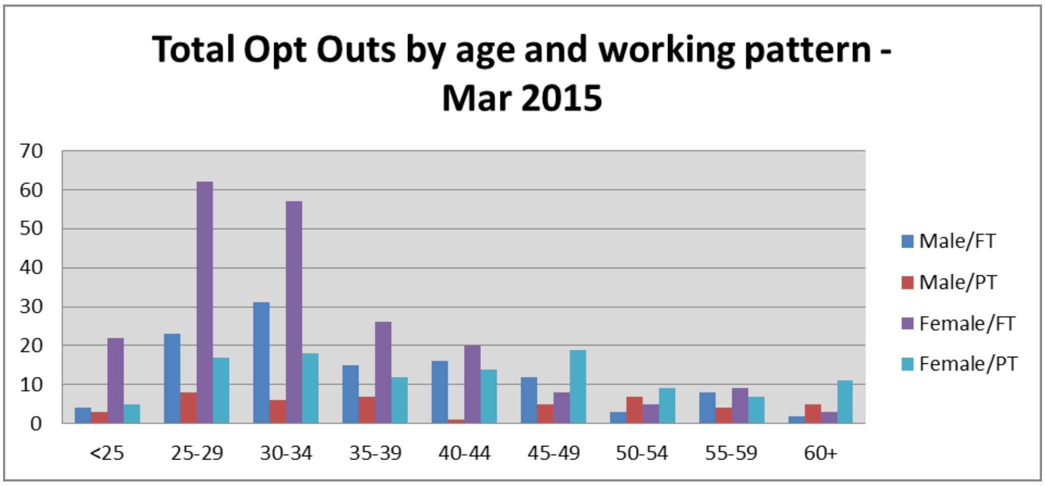


Figure 2



2.58 This data indicates that female full-time teachers between 25 and 29, together with female full-time teachers in their first four years of service, are most likely to opt out of the TPS. This cannot be explained as a feature of auto-enrolment of older teachers who already have adequate pension provision and do not receive further pensionable service for this reason.

2.59 The extent to which the teachers' gender pay gap will translate into a continuing (and growing) gender pensions gap should be noted. Given that the main reason why teachers opt out of the TPS is hardship, this is further evidence to support the case for a substantial, above-inflation pay award.

The polarisation of teachers' pay

2.60 The following data demonstrates the extent to which teachers are worse off financially than before the recession, due to the Chancellor's attack on public sector pay. Between 2010 and 2015, teachers' pay suffered from successive pay freezes and pay restraint. This has resulted in the values on the teachers' pay ranges being 30% lower than if pay awards had matched inflation.[12]

2.61 Greater freedom and autonomy on pay matters appears to be exacerbating pay inequality, driving up the pay of the most senior employees and depressing the pay of the lowest paid. There is emerging evidence of increasing pay disparities between headteacher/school leadership pay and that of classroom teachers. Where there is no requirement to abide by the provisions of the STPCD, this is exacerbated, with growing evidence of substantial increased salaries being paid to senior staff, pay depression for classroom teachers and increased disparities in relation to the setting of pay levels between different staff.

2.62 A properly structured school teachers' national pay and conditions framework with appropriate local flexibility is a vital element in ensuring responsible and efficient management of pay matters, in securing fair outcomes for the workforce and value for money for the taxpayer and securing the entitlement of children and young people to be taught by highly skilled professionals. Without a structured national pay framework and with increased flexibility, fairness, transparency, consistency and equality are lost.

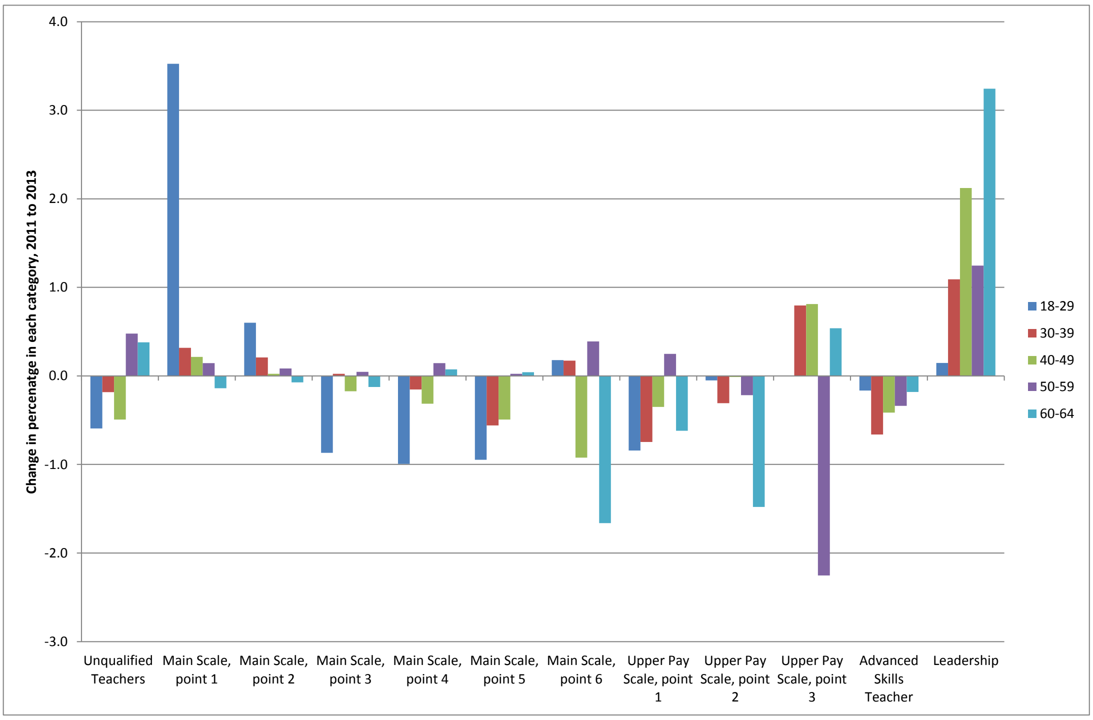
2.63 The DfE's School Workforce Survey, School Workforce in England: November 2014 (SWC 2014) revealed that:

a. classroom teachers' average pay has decreased by £900 (2.6%) from an average of £35,200 in 2013[13] to £34,300 in 2014. [14]
b. by contrast, leadership teachers' pay has increased by £400 (0.7%) from an average of £56,100 in 2013[15] to £56,500 in 2014. [16]

[12] As measured by Retail Price Index annual percentage change in September of each year.
[13] Department for Education (DfE) (2014) School Workforce in England: November 2013 (SWC 2013), Table 9a: Full and part-time regular classroom teachers in state funded schools by salary bands, average salary, sector, gender and age, England, 2013 www.gov.uk/government/statistics/school-workforce-in-england-november-2013
[14] DfE (2015) School Workforce in England: November 2014 (SWC 2014), Table 8b: Full-time regular qualified leadership teachers1 in publicly funded schools by salary bands, average salary2, sector, gender and age, England, 2014 www.gov.uk/government/statistics/school-workforce-in-england-november-2014
[15] DfE (2014) SWC 2013, Table 9a: Full and part-time regular classroom teachers in state funded schools by salary bands, average salary, sector, gender and age, England, 2013 https://www.gov.uk/government/statistics/school-workforce-in-england-november-2013
[16] DfE (2015) SWC 2014, Table 9b: Full and part-time regular leadership teachers in state funded schools by salary bands, average salary, sector, gender and age, England, 2014 www.gov.uk/government/statistics/school-workforce-in-england-november-2014

2.64 The following graph demonstrates the change in the distribution of teachers by pay grade and age group from 2011 to 2013 [17]:

Figure 3

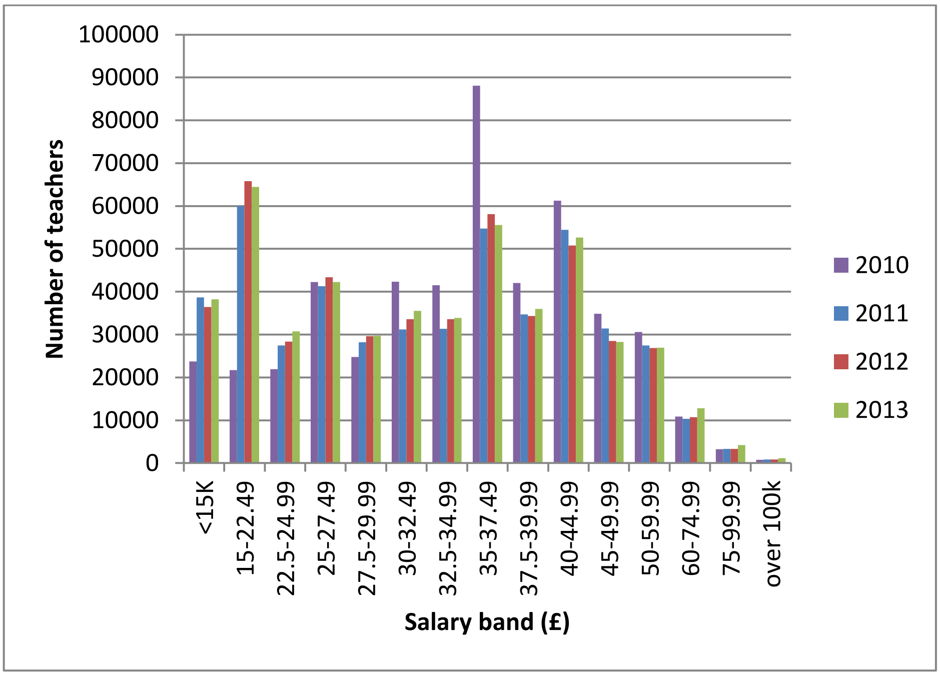


2.65 This demonstrates the increase during these two years of teachers paid on point 1 of the main pay scale (now the minimum of the main pay range) and the reduction in the number of teachers paid on the equivalents of M3 to M6 and UPS1 to UPS3 other than M1/M2, the only other part of the pay structure that is necessary to the leadership pay range.

2.66 The following graph indicates the earnings distribution for all teachers in the School Workforce Census (SWC) by year, with a significant increase in 2012 and 2013 in the number of teachers in the £15k - £22.49k salary band[18]:

[17] NASUWT/University of Warwick, The impact of changes to teachers' pay on equality in schools in England, 2016
[18] Ibid

Figure 4



2.67 It is clear, therefore, that even before the 2013 pay flexibilities began to be applied in schools, there was a polarisation of pay across the teaching workforce towards lower pay levels, with younger teachers in particular suffering the adverse impact.

Comparable pay levels

2.68 Classroom teachers earn on average £659.60 a week, which is £134.30 (17%) less a week than other comparable professionals. The Annual Survey of Hours and Earnings (ASHE) 2015[19] and SWC 2014 data clearly discredits the claim of the DfE in its evidence to the Review Body's 25th Report[20] that an analysis of classroom teachers' salaries showed they were still competitive.

2.69 In November 2015, LKMCo published a report, 'Why Teach?' which researched the reasons why teachers join and leave the teaching profession. The Report states that: *'More than half (59%) of teachers have considered leaving teaching in the last six months and for those that have considered leaving in that period, workload is by far the most important reason for this.'*[21] Pay is one of the top three reasons for leaving teaching, with 43% of teachers indicating this as a reason for leaving the profession.

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[19] Office for National Statistics (ONS) (2015) Annual Survey of Hours and Earnings 2015 (ASHE 2015), *Table 14.1a Weekly pay - Gross (£) - For full-time employee jobs: United Kingdom, 2015*
[20] DfE (2014) *Government evidence to the STRB: the 2015 pay award* (pg 31). www.gov.uk/government/publications/strb-government-evidence-on-the-2015-pay-award-for-school-staff
[21] LKMCo, 'Why Teach?', November 2015, page 19.

The Gender Pay Gap

> **Case Study: Warwick University Institute for Employment Research**
>
> A female NQT teacher spoke of her concerns in her current and previous school. She said that 'if they [the headteacher] don't like you or the way you work, then they could fix it so you could sort of fail'. She was about to get married and was thinking about having a family. She was worried about taking maternity leave in the future, however, as she thought this was a time when she would be particularly vulnerable. She also thought that there was a lot of pressure with the job and was worried about how she would keep up. For her, maintaining a work-life balance would be important at that particular stage in their career. She would like to work part-time after returning from maternity leave, but knew, from what she had seen happen to other teachers, that this would not be possible. (Female NQT, interview.)

2.70 According to the 2014 School Workforce Census data, 74% of full time equivalent (FTE) teachers are women. Ensuring fair pay for women teachers, and reducing the gender pay gap is central to raising the pay of the whole teaching profession.

2.71 The gender pay gap in teaching remains a feature of the pay system and, for some categories of teacher, is increasing. In addition, the gender pay gap is the widest in the academy sector, where there are greater pay freedoms and flexibilities. In the isolated circumstances where it could be claimed that the gender pay gap is reducing, this has occurred because of the overall depression in levels of pay.

2.72 Properly structured national pay frameworks provided in the past a more robust, transparent and fair mechanism by which to determine teachers' pay and the gender pay gap for teachers has been consistent in comparison to the whole economy and particularly the private sector.

2.73 In practical terms, the DfE has, however, done nothing to address the impact of the pay freedoms and flexibilities it has introduced which have allowed the gender pay gap to remain a feature of the teachers' pay system.

2.74 The SWC 2014 data reveals that the most significant gender pay gaps occur in headteacher[22] and leadership[23] posts, where male leadership teachers earn on average significantly more than women in all types of school. The data also shows that gender pay gaps are more extreme in academies than in LA maintained schools, particularly in headteacher and leadership group roles. In both LA maintained secondary schools and academies, men earn on average more than women.

[22] Ibid. Table 9c: Full and part-time regular head teachers in state funded schools by salary bands, average salary, sector, gender and age.
[23] Ibid. Table 9b: Full and part-time regular leadership teachers in state funded schools by salary bands, average salary, sector, gender and age.

Headteachers

2.75 Data on headteachers' pay has not been published separately from leadership pay since January 2010. The gender pay gap for full and part-time regular headteachers in state-funded schools is significant, with male headteachers earning on average £8,200 (11.5%) more than women in 2014. The gender pay gap for headteachers has widened by £2,200 (36.7%) from £6,000 in March 2009.[24]

Table 1: **Gender Pay Gap for Headteachers in 2014** Source: School Workforce Census (England) (November 2014)	**Average Salary (£)**	**Pay premium (+£)** **(Men)**	**Pay premium (%)** **(Men)**
LA MAINTAINED NURSERY AND PRIMARY			
Men (all ages)	£61,600	£1,900	3.1%
Women (all ages)	£59,700		
PRIMARY ACADEMIES			
Men (all ages)	£66,900	£4,300	6.4%
Women (all ages)	£62,600		
LA MAINTAINED SECONDARY			
Men (all ages)	£86,500	£400	0.5%
Women (all ages)	£86,100		
SECONDARY ACADEMIES			
Men (all ages)	£92,500	£1,400	1.5%
Women (all ages)	£91,100		
TOTAL STATE FUNDED			
Men (all ages)	£71,400	£8,200	11.5%
Women (all ages)	£63,200		

2.76 The gender pay gap for full and part-time headteachers in state-funded schools is more markedly pronounced in academies. In primary academies, male headteachers were paid on average £4,300 (6.4%) more than women in 2014. This compares to a gender pay gap of 3.1% in LA maintained nursery and primary schools. Male headteachers in secondary academies were paid on average £1,400 (1.5%) more than women in 2014. This compares to a gender pay gap of just 0.5% in LA maintained secondary schools.

2.77 A key issue for the Review Body to consider is the extent to which the additional freedoms and flexibilities widen the gender pay gap.

[24] Department for Education (DfE) (2010) School Workforce in England: January 2010 (SWC Jan 2010), Table G5: Average salary of full-time regular qualified teachers in local authority maintained schools by gender, grade, phase and age.

School Leaders

2.78 The gender pay gap for full and part-time school leaders in state-funded schools has widened since 2013, most notably in primary academies where male leadership teachers were paid on average £5,700 (9.8%) more than women in 2014. This pay premium has widened by £1,000 (21.3%) from £4,700 in 2013. The gender pay gap has increased by £200 (3.7%) in favour of male leadership teachers across all state-funded schools since 2013 to £5,600. This represents a gender pay gap of 9.3% in 2014. Male leadership teachers earned on average £60,200 in 2014, whilst female leadership teachers earned on average £54,600.

Table 2: **Gender Pay Gap for Leadership teachers and the change from 2013 to 2014** School Workforce Census (England) (November 2014)	**Average Salary 2014 (£)**	**Pay premium 2014 (+£)** **(Men)**	**Pay premium 2014 (%)** **(Men)**	**Pay premium: Change from 2013 (+£)** **(Men)**	**Pay premium: Change from 2013 (%)** **(Men)**
LA MAINTAINED NURSERY AND PRIMARY					
Men (all ages)	£55,200	£2,800	5.1%	£200	7.7%
Women (all ages)	£52,400				
PRIMARY ACADEMIES					
Men (all ages)	£58,000	£5,700	9.8%	£1,000	21.3%
Women (all ages)	£52,300				
LA MAINTAINED SECONDARY					
Men (all ages)	£62,900	£2,600	4.1%	£200	8.3%
Women (all ages)	£60,300				
SECONDARY ACADEMIES					
Men (all ages)	£63,900	£3,400	5.3%	£200	6.3%
Women (all ages)	£60,500				
TOTAL STATE FUNDED					
Men (all ages)	£60,200	£5,600	9.3%	£200	3.7%
Women (all ages)	£54,600				

2.79 The emerging pattern is one of women teachers on the leadership group pay range being paid significantly less than men. There are clear similarities between the patterns emerging for headteacher and leadership teacher gender pay differentials. The gender pay gap for leadership teachers has widened across all types of school by 3.7% since 2013, but is more pronounced in academies, widening by more than one fifth (21.3%) in primary academies in just one year.

2.80 In primary academies, male school leaders were paid on average £5,700 (9.8%) more than women in 2014. This compares to a gender pay gap of 5.1% in LA maintained nursery and primary schools. Male leadership teachers in secondary academies were paid on average £3,400 (5.3%) more than women in 2014. This compares to a gender pay gap of 4.1% in LA maintained secondary schools.

2.81 The growth in the gender pay gap for school leaders since 2010 is of even more concern, as illustrated in Table 3 below, which shows the change in the gender pay gap in different types of school compared to all maintained schools in 2010. It is clear that the gender pay gap has widened in all types of school between 2010 and 2014, but the gap has widened at an alarmingly faster rate in academies than in LA maintained schools.

Table 3: **Gender Pay Gap for Leadership teachers and the rate of change from 2010 to 2014** School Workforce Census (England & Wales) (March 2009 - reported January 2010)	**Average Salary 2010 (£)**	**Pay premium 2010 (+£) in all maintained schools** **(Men)**	**Pay premium 2010 (%)** **(Men)**	**Average Salary 2014 (£)**	**Pay premium 2014 (+£)** **(Men)**	**Pay premium 2014 (%)** **(Men)**	**Pay premium: Change from 2010 (+£)** **(Men)**	**Pay premium: Rate of Change from 2010 (%)** **(Men)**
LA MAINTAINED NURSERY AND PRIMARY								
Men (all ages)	£45,600	£1,100	2.4%	£55,200	£2,800	5.1%	£1,700	154.5%
Women (all ages)	£44,500			£52,400				
PRIMARY ACADEMIES								
Men (all ages)	£45,600	£1,100	2.4%	£58,000	£5,700	9.8%	£4,600	418.2%
Women (all ages)	£44,500			£52,300				
LA MAINTAINED SECONDARY								
Men (all ages)	£54,000	£1,300	2.4%	£62,900	£2,600	4.1%	£1,300	100.0%
Women (all ages)	£52,700			£60,300				
SECONDARY ACADEMIES								
Men (all ages)	£54,000	£1,300	2.4%	£63,900	£3,400	5.3%	£2,100	161.5%
Women (all ages)	£52,700			£60,500				
TOTAL STATE FUNDED								
Men (all ages)	£51,500	£3,900	7.6%	£60,200	£5,600	9.3%	£1,700	43.6%
Women (all ages)	£47,600			£54,600				

2.82 Research by the Future Leaders Trust has suggested that this could partly be due to the negative effect that becoming a parent has on the careers of female school leaders.

2.83 Given this evidence, it is of significant concern that increased pay flexibilities have been, and are being, considered for LA maintained schools. A robust and extensive, ongoing, equality impact assessment is required to determine the impact of the introduction of pay flexibilities on the gender pay gap and also on pay differentials for all teachers with protected characteristics.

Classroom teachers

2.84 The gender pay gap for full and part-time classroom teachers in state-funded schools is more complex. On average, male classroom teachers earn £35,000, which is £900 (2.6%) more than their female counterparts who earn on average £34,100. This gender pay gap has narrowed slightly by £100 since 2013, but this has been achieved through the depression of classroom teachers' pay from 2010 to 2014, rather than any significant improvement in levels of pay for women.

2.85 Teachers were included in the TUC research, *Age Immaterial, Women over 50 in the workplace,* [25] which concluded that women in their 50s earn nearly a fifth less than men of the same age – the widest gender pay gap of any age group.

Age Discrimination

Case Studies: Warwick University Institute of Employment Research

A female teacher and union representative said that there was a 'definite push to move on people who cost a lot of money, to make life uncomfortable for them' (this included older teachers and those who had progressed quickly but did not want to move). There was now a prevailing attitude within her school of 'you can get off the bus at the next stop' (i.e., take early retirement, a term which was used as a joke by teachers in the school). The new headteacher had made changes to 'push them on'. Some young teachers also had problems, e.g., in one case in her school, a young teacher was refused progression but the union fought her case and won; as soon as she won her case, she moved on to another job in a different school. In addition to age, '[disabling] illness is a big, big issue'. For example, one staff member had serious back problems and the 'issue of capability was brought up all the time'; another had a heart problem and was put on capability which was 'putting more pressure on him'. The teacher argued that there was 'a great degree of dishonesty' in how these issues were approached and 'people feel very harassed by this'. There was now 'no duty of care' towards the staff and, as a result, there was very low morale among the teachers. (Female teacher and union representative, interview.)

One female teacher and union representative described how her school used support programmes to put teachers on capability, which had 'a massive impact on older teachers'. As the teachers did not want to have this stigma attached to them, they would go on long-term sick leave due to stress and would then retire (she knew of three teachers doing this in the current school year). She herself was registered with a disability and although she was 'not necessarily pressurised,' she felt that this may be because she was the union representative and as such, was better protected. She had decided to leave teaching at the end of the current school year, due to the fact that 'I hate going to work…just a job that pays the bills'. Although she was only 42, she was sick of being 'bullied'; she also worked over 60 hours a week 'but gets no thanks for it'. Many others, she argued, were also feeling disillusioned, e.g., her school had not had a large turnover in the past but they were losing 15 teachers this year, who were mostly 'older, established, expensive teachers'. (Female teacher and union representative, interview.)

[25] *Age Immaterial, Women over 50 in the workplace, 2014*

2.86 NASUWT members report, on a very regular basis, widespread discriminatory practice towards experienced teachers and older teachers generally, with teachers who have achieved upper pay range progression often becoming subject to pressure to take on additional duties which are at variance with the statutory provisions in the STPCD. Often this is accompanied by an underlying threat of being placed on capability procedures or a ‘support programme’ (a euphemism for capability) if they maintain their entitlement to the TLR allowance provisions in the STPCD.

2.87 The NASUWT’s Annual Big Question Survey March 2015 identified higher levels of dissatisfaction amongst teachers as they move through their career pathway. The retention of teachers at all stages of their careers is of crucial importance in solving the teacher supply crisis. It is of deep concern that the NASUWT’s survey showed that:

Table 4

	All teachers	Over 50s
% do not think that teaching is competitive with other professions	76%	81%
% do not think that they are paid at a pay level commensurate with skills and experiences	69%	78%
% believe that people are put off a career in teaching because of pay	66%	67%
% in the last 12 months who have received the pay progression to which they are entitled	38%	22%
% paid for the full range of responsibilities they undertake	45%	40%
% would not trust their headteacher to make fair/objective decisions about pay progression	68%	78%
% would not recommend teaching as a career	67%	74%

2.88 The percentage of teachers who do not trust their headteacher to make fair and objective decisions about pay progression increases from 68% all teachers) to 78%(teachers over 50). Unsurprisingly, nearly three quarters of teachers over 50 (74%) do not recommend teaching as a career.

2.89 It is of concern that this cohort of teachers who were responsible for the unparalleled improvement in educational standards between 2002 and 2010 has such a high level of mistrust and dissatisfaction in the teachers’ pay framework. The introduction of the pay regression flexibilities that the Review Body has been asked to consider into the pay framework would undoubtedly lead to a worsening of the situation.

2.90 The NASUWT casework indicates that capability/competence proceedings are being initiated disproportionately against teachers aged over 50 years. They represented 46% of all capability/competence cases dealt with by the Union. These teachers comprise around 32% of the UK teacher workforce and only 19% of the NASUWT’s membership.

2.91 The NASUWT's casework data also indicates that, out of the 41 to 50 age group, 22% of teachers are in this category, but 26% of capability/competence cases are in the 41-50 age group. 38% of teachers are in the over 50 category, but 46% of capability/competence cases are in this age group. It is a significant cause for concern that the proportion of capability/competence cases involving disabled teachers was 9%, massively disproportionate to the representation of disabled teachers within the UK teacher workforce (0.3%).

Case Study: University of Warwick Institute for Employment Research

One female teacher had recently been looking for more permanent work after working abroad: 'And I see the same jobs coming up in the same schools and I think there's no point because they're just looking for another NQT…and it says "with a view to becoming permanent, experienced teachers welcome to apply" [laughs]…as soon as they see NQTs, they don't want you at all!...They see you and judge you basically on how old you are'. When applying for jobs, the teacher said she deliberately didn't include her age. Three schools had already told her that they would love to keep her [on a permanent basis] but that they couldn't afford her. Another teacher in the focus group added that 'when a school really wants a teacher and they can't find a cheap teacher, then they will look at an older teacher but they'll put you on a temporary contract…and you can do a year with them and no matter how good you are, you will be said goodbye to at the end. ' (Female supply teachers aged over 50, focus group.)

Pay Differentials

2.92 Evidence shows that, when there is greater scope for pay flexibility, the pay of classroom teachers is depressed and the pay of school leaders is boosted.

2.93 Classroom teachers, in both primary and secondary phases, are paid, on average, relatively more in LA maintained schools than in academies.

2.94 The findings of the DfE School Workforce Census statistics for 2014 revealed that:

- classroom teachers in primary academy schools (i.e. schools with maximum autonomy/discretion over teachers' pay) are paid on average £1,500 p.a. less than their colleagues in LA maintained nursery/primary schools. This pay gap has increased by £500 from £1,000 in 2013; and
- classroom teachers in secondary academy schools are paid on average £1,200 p.a. less than their colleagues in LA maintained secondary schools. This pay gap has increased by £400 from £800 in 2013.

2.95 The average salary of classroom teachers in secondary academy schools has decreased by £700 since 2010, whilst the average salary of classroom teachers in secondary LA maintained schools has increased by £100 during the same period.

2.96 The NASUWT has a significant number of school leader members and is not opposed to increases in headteachers' pay. The Union believes, however, that there must be a fair and transparent rewards system for all teachers, including school leaders.

2.97 Evidence shows that school leaders have, on the whole, fared better during periods of pay restraint than classroom teachers. Between 2013 and 2014, classroom teachers' average pay decreased by £200, while leadership teachers' average pay increased by £500 from an average of £56,000 in 2013 to £56,500 in 2014.

2.98 School leaders, in both primary and secondary sectors, are paid higher, on average, in academies than in LA maintained schools.

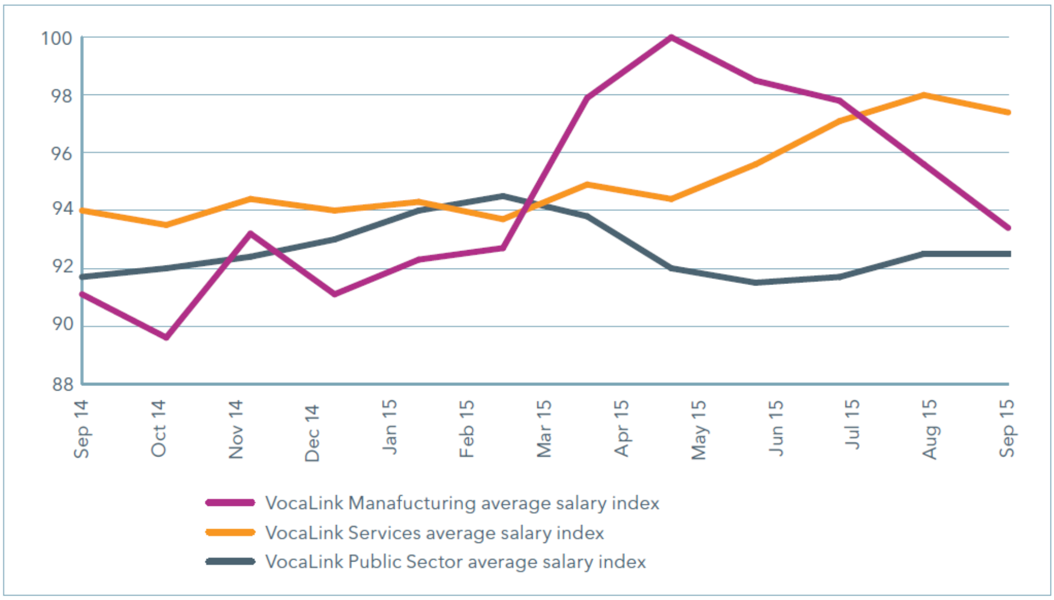
2.99 The DfE's School Workforce Census 2014 revealed that:

- school leaders in primary academy schools (i.e. schools with maximum autonomy/discretion over teachers' pay) are paid on average £700 p.a. more than their colleagues in LA maintained nursery/primary schools. This pay gap has increased by £100 from £600 in 2013; and
- school leaders in secondary academy schools are paid on average £600 p.a. more than their colleagues in LA maintained secondary schools.

2.100 Before any further extension is made to pay flexibilities, robust research is required into the reasons for the wider gulf between classroom teachers' and school leaders' pay in schools which are able to exercise a wider range of pay flexibilities than schools in the LA maintained sector.

The increased cost of living since 2010

Figure 5



2.101 The VocaLink graph above demonstrates the extent to which pay increases in the public sector have fallen behind average salary and manufacturing salary increases from September 2014 to September 2015.

2.102 The NASUWT draws to the Review Body's attention that:

- public sector workers have not benefited from improvements in the economy as other workers have;
- the real terms cut in teachers' pay is far higher than that for other public sector workers.

The impact of inflation on teachers' pay

2.103 The reduction in inflation to low levels in recent months, together with the Government's claim that CPI inflation is at zero, has been widely publicised. However, teachers have suffered five years of pay freezes and caps on pay, well below the rate of inflation, with a significant detrimental impact. The predictions are that inflation is due to increase.

2.104 Teachers have fared far worse than many other public sector workers in respect of cuts to their pay. Teachers' pay has fallen by 13.8% in real terms since 2010, whereas it has averaged 7.5% for other public sector workers.

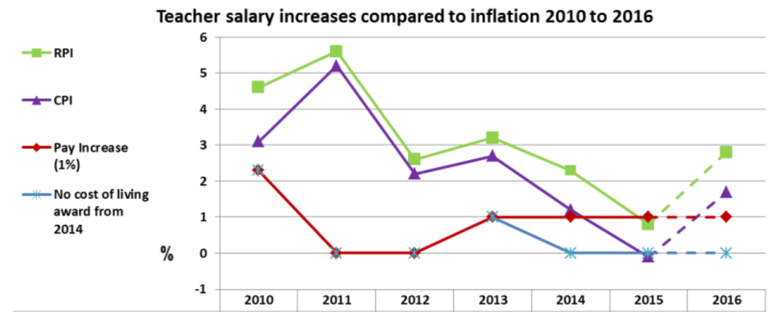
2.105 A teacher at the top of the main scale was paid at £31,552 in September 2010. If teachers' pay had kept pace with inflation, the teacher's salary level would have risen through cost of living adjustments to £36,379 by 2015. However, the actual pay for the same teacher on the maximum of the main pay range today stands at £32,831 in 2015 – this would represent a pay shortfall of £3,870 in 2015 alone. This shortfall in pay will be further compounded if another pay award limited to 1% is imposed in 2016, producing a total cumulative pay shortfall from 2010 to 2016 of £20,112, if inflation rises to 2.7% in 2016 as forecast by the Treasury.

2.106 Inflation since 2010, even using the lower CPI measure, has been significantly above the two-year pay freeze and the average 1% pay ceiling artificially imposed by the Chancellor since 2013, thus representing a significant real terms pay cut for teachers over this period.

2.107 Figure 6 below shows teachers' salary increases compared to inflation, as measured against both the Retail Prices Index (RPI) and the Consumer Prices Index (CPI) from 2010 to 2016, using the HM Treasury (HMT) Inflation Forecast for 2016.

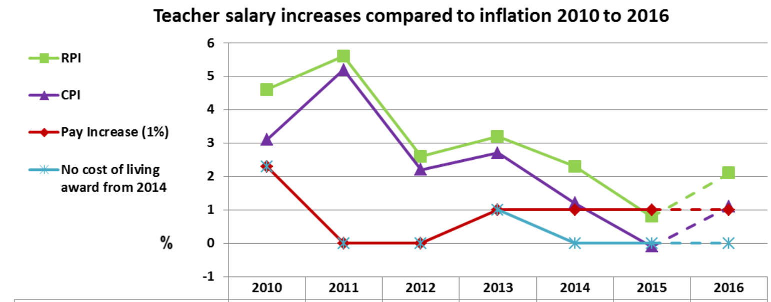
2.108 Figure 7 below presents the same information but using the more conservative Office for Budget Responsibility (OBR) Inflation Forecast for 2016. Forecast figures for 2016 are indicated by a dashed line. In all but one of the seven years from 2010 to 2016, teachers will have had a below-inflation pay increase. If a teacher did not receive a 1% uplift in pay in 2014 or thereafter, the erosion of the value of their pay due to inflation would be more severe. As inflation is forecast to rise again in 2016, a fourth consecutive 1% pay cap following the two-year pay freeze would further compound the adverse impact on teachers' pay levels in real terms.

Figure 6 (HMT Inflation Forecast for 2016)



	2010	2011	2012	2013	2014	2015	2016
RPI	4.6	5.6	2.6	3.2	2.3	0.8	2.8
CPI	3.1	5.2	2.2	2.7	1.2	-0.1	1.7
Pay Increase (1%)	2.3	0.0	0.0	1.0	1.0	1.0	1.0
No cost of living award from 2014	2.3	0.0	0.0	1.0	0.0	0.0	0.0

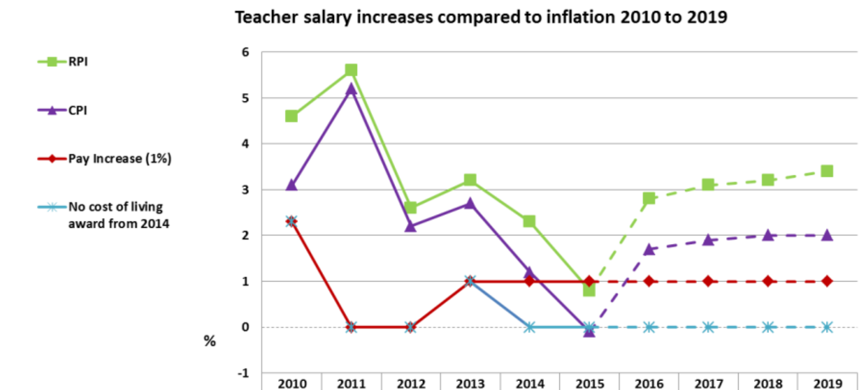
Figure 7 (OBR Inflation Forecast for 2016)



	2010	2011	2012	2013	2014	2015	2016
RPI	4.6	5.6	2.6	3.2	2.3	0.8	2.1
CPI	3.1	5.2	2.2	2.7	1.2	-0.1	1.1
Pay Increase (1%)	2.3	0.0	0.0	1.0	1.0	1.0	1.0
No cost of living award from 2014	2.3	0.0	0.0	1.0	0.0	0.0	0.0

2.109 Economic forecasts predict that inflation measured by both RPI and CPI will continue to rise over the 1% pay restraint period through to 2019. If pay restraint continues through to 2019, this will mean that teachers' salaries will have suffered below-inflation increases in nine out of ten years since 2010, as illustrated in Figure 8 below. This is true regardless of whether the HMT or the more conservative OBR inflation forecasts for the period are used. Forecast figures for 2016 and beyond are indicated by a dashed line.

Figure 8 (HMT Inflation Forecast for 2016 to 2019)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
RPI	4.6	5.6	2.6	3.2	2.3	0.8	2.8	3.1	3.2	3.4
CPI	3.1	5.2	2.2	2.7	1.2	-0.1	1.7	1.9	2.0	2.0
Pay Increase (1%)	2.3	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
No cost of living award from 2014	2.3	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0

2.110 In short, the prospects for teachers' pay are further unacceptable cuts in real terms pay and serve to compound the significant real terms losses in pay which have built up since 2010.

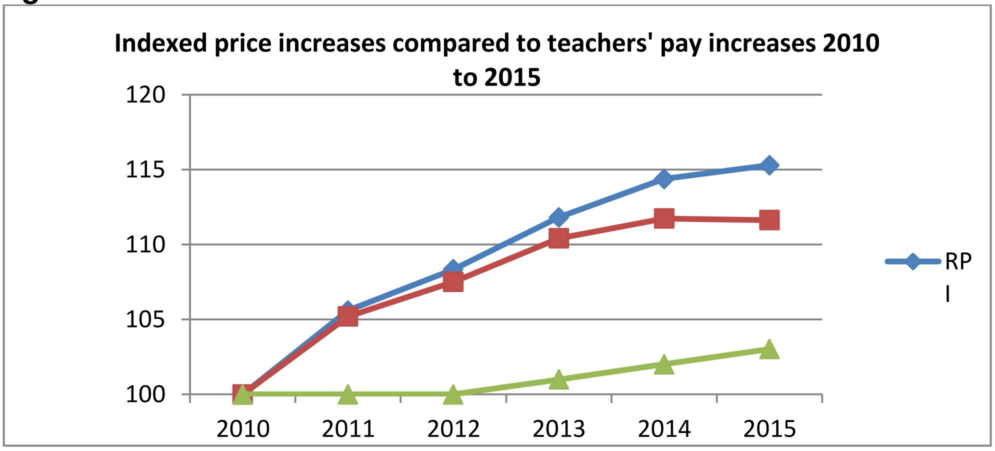
2.111 The introduction of pay flexibilities in schools and the removal of any automatic cost of living award have further compounded the impact of inflation on teachers' pay levels. Figure 5 below shows the cumulative loss in the value of the traditional points on the teachers' pay ranges from September 2010 to September 2016, had the teachers' pay award increased in line with RPI inflation. It illustrates the extent, in cash terms, that each of the discretionary reference points (previously the main scale points) on the teachers' pay ranges (for teachers outside London) have fallen behind RPI inflation since 2010.

Table 5

England and Wales	Salary 2016 (1%) Uplifted	£ loss in 2016	% shortfall in 2016	2010-2016 Cumulative £ Loss
Minimum	£22,467	-£3,096	13.8	-£13,758
M2	£24,243	-£3,341	13.8	-£14,847
M3	£26,192	-£3,610	13.8	-£16,041
M4	£28,207	-£3,888	13.8	-£17,274
M5	£30,430	-£4,194	13.8	-£18,635
Maximum	£33,160	-£4,202	12.7	-£19,465
UPS1	£35,571	-£4,904	13.8	-£21,787
UPS2	£36,889	-£5,085	13.8	-£22,592
UPS3	£38,250	-£5,274	13.8	-£23,429
L6	£44,102	-£6,080	13.8	-£27,013
L8	£46,335	-£6,388	13.8	-£28,381
L11	£49,976	-£6,890	13.8	-£30,611
L28	£75,708	-£10,439	13.8	-£46,378
L43	£109,366	-£15,082	13.8	-£67,000

2.112 Figure 9 below illustrates the extent to which teachers' pay has risen at a slower rate than inflation since 2010.

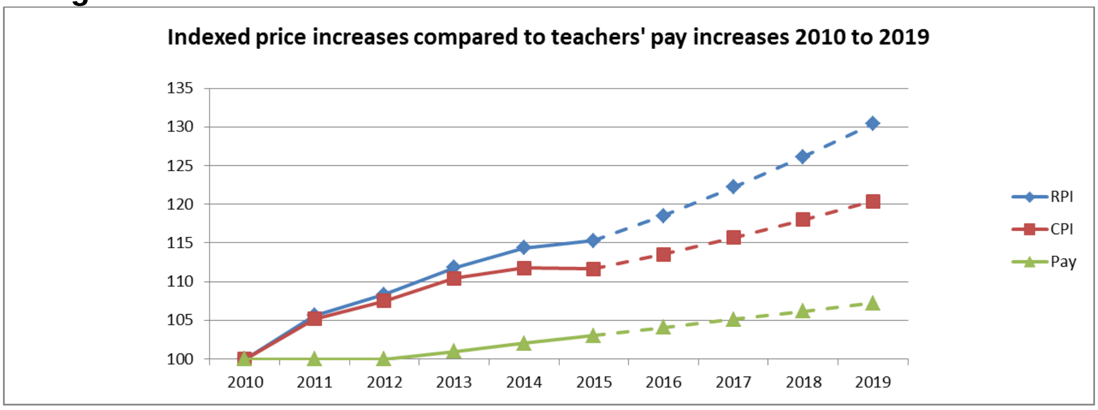
Figure 9



2.113 Figure 10 below shows the indexed rate of increases in teachers' pay measured against both RPI and CPI inflation from 2010 to 2019 (based on HM Treasury Inflation Forecasts), if the Treasury's policy of a 1% pay cap is retained.

2.114 Figure 10 is the 'best case scenario' for a teacher within the parameters set by the Chief Secretary to the Treasury. Figure 10 assumes that every teacher would receive a 1% pay increase every year, rather than some teachers having pay withheld. The failure to award a pay increase to some teachers would lower further this projection of teachers' pay.

Figure 10



2.115 The Organisation for Economic Co-operation and Development (OECD) published *Education at a Glance 2015: OECD Indicators* in November 2015.

2.116 The OECD states the importance of teachers' salaries in attracting and retaining teachers:

'Teachers' salaries represent the largest single cost in formal education and have a direct impact on the attractiveness of the teaching profession. They influence decisions to enrol in teacher education, become a teacher after graduation (as graduates' career choices are associated with relative earnings in teaching and non-teaching occupations, and their likely growth over time),

return to the teaching profession after a career interruption, and/or remain a teacher (as, in general, the higher the salaries, the fewer the people who choose to leave the profession).' [26]

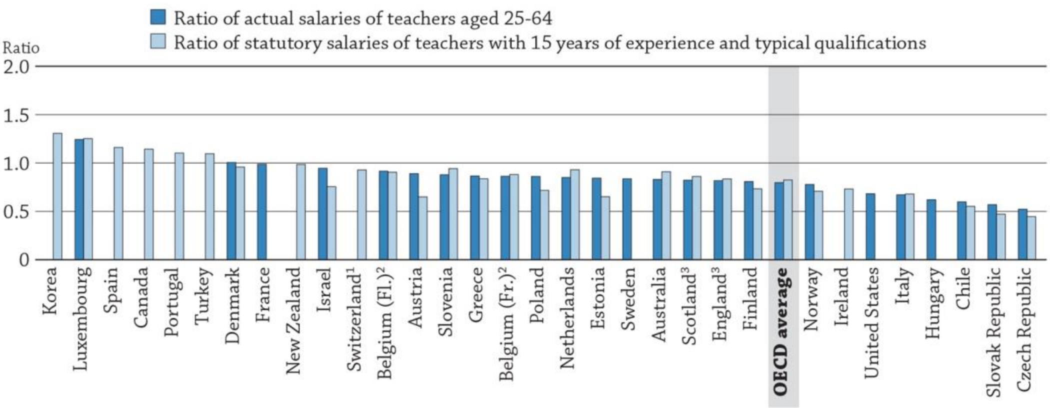
2.117 The OECD's data indicates the uncompetitive nature of teachers' salaries in relation to the worldwide labour market place. Chart D3.1 below shows teachers' salaries relative to earnings for similarly educated workers (2013).

2.118 In respect of the OECD data, teachers' 2013 salaries represent a benchmark before the full range of pay flexibilities were implemented for teachers and school leaders in September 2014.

Figure 11

Chart D3.1. Teachers' salaries relative to earnings for similarly educated workers (2013)

Salaries of lower secondary teachers teaching general programmes in public institutions



Notes: The definition of teachers' typical qualification is based on a broad concept including the typical ISCED level of attainment and other criteria, as discussed in Box D3.2. For further details on the different metrics used to calculate these ratios, please refer to the *Methodology* section.

1. Statutory salaries of teachers with 11 years of experience and minimum qualification instead of 15 years of experience and typical qualifications.
2. Data on earnings for full-time, full-year workers with tertiary education refer to Belgium.
3. Data on earnings for full-time, full-year workers with tertiary education refer to the United Kingdom.

Countries are ranked in descending order of the ratio of teachers' salaries to earnings for full-time, full-year workers with tertiary education aged 25-64.

Source: OECD. Table D3.2a, and Table D3.2b, available on line. See Annex 3 for notes (www.oecd.org/education/education-at-a-glance-19991487.htm).

StatLink http://dx.doi.org/10.1787/888933284456

2.119 Figure 11 indicates that, out of 32 countries, England is 23rd in salary competitiveness and only just fares better than the OECD average.

2.120 Table 6 demonstrates trends in teachers' salaries across the OECD comparators. The data is broken down by school phase, with identical data across all phases for England.

2.121 In 2005, the figure for all countries for which there was data was 100. By 2011, the figure for England was 90 and this fell to 86 by 2013. By comparison, Australia rose to 111/112 by 2013, Finland rose to between 103 and 107 by 2013 and Norway rose to between 115 and 120 by 2013. Figures were not available for post-primary in Estonia, but for all other phases, the figure had risen to 131 by 2013.

[26] OECD, 2005

Table 6

Table D3.5a. **Trends in teachers' salaries, based on typical qualifications, between 2000 and 2013**

Index of change between 2000 and 2013 in teachers' statutory salaries after 15 years of experience (2005 = 100), by level of education, converted to constant prices using deflators for private consumption

		Pre-primary					Primary					Lower secondary, general programmes					Upper secondary, general programmes				
		2000	2005	2011	2012	2013	2000	2005	2011	2012	2013	2000	2005	2011	2012	2013	2000	2005	2011	2012	2013
		(1)	(2)	(8)	(9)	(10)	(11)	(12)	(18)	(19)	(20)	(21)	(22)	(28)	(29)	(30)	(31)	(32)	(38)	(39)	(40)
OECD	Australia	m	100	105	106	112	m	100	106	107	111	m	100	107	107	111	m	100	107	107	111
	Austria[1, 2]	m	100	103	102	101	91	100	103	102	101	88	100	103	102	101	95	100	109	108	107
	Belgium (Fl.)	m	100	102	101	103	92	100	102	101	103	97	100	102	101	103	97	100	102	102	104
	Belgium (Fr.)	94	100	105	104	107	94	100	105	104	107	99	100	103	103	105	99	100	103	103	105
	Canada	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Chile	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Czech Republic	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Denmark	88	100	99	98	97	94	100	103	100	102	94	100	104	102	103	107	100	101	98	97
	England	94	100	90	88	86	94	100	90	88	86	94	100	90	88	86	94	100	90	88	86
	Estonia	m	m	m	m	m	85	100	132	126	131	85	100	132	126	131	85	100	132	126	131
	Finland	92	100	109	108	106	87	100	110	109	107	88	100	106	104	103	92	100	106	107	105
	France	105	100	97	95	94	105	100	97	95	94	105	100	98	96	95	104	100	97	96	95
	Germany	m	m	m	m	m	m	100	106	107	108	m	100	108	108	108	m	100	103	102	103
	Greece	m	100	86	78	74	m	100	86	78	74	m	100	86	78	74	m	100	86	78	74
	Hungary[3]	59	100	79	75	71	63	100	76	71	68	63	100	76	71	68	63	100	71	66	64
	Iceland	m	100	93	97	89	m	100	92	89	89	m	100	92	89	89	m	100	86	88	87
	Ireland	m	m	m	m	m	83	100	113	111	109	83	100	113	111	109	83	100	113	111	109
	Israel	95	100	122	131	131	99	100	130	130	126	99	100	116	115	119	100	100	101	112	110
	Italy	m	100	98	96	94	94	100	98	96	94	95	100	99	96	94	95	100	99	96	94
	Japan	m	m	m	m	m	m	100	93	93	94	m	100	93	93	94	m	100	93	93	94
	Korea	m	100	98	98	100	m	100	95	96	97	m	100	95	96	97	m	100	95	96	97
	Luxembourg	m	100	134	138	140	m	100	134	138	140	m	100	110	113	115	m	100	110	113	115
	Mexico	87	100	107	108	109	87	100	107	108	109	87	100	107	109	109	m	m	m	m	m
	Netherlands	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	New Zealand	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Norway	m	100	116	116	120	m	100	110	111	115	m	100	110	111	115	m	100	112	112	117
	Poland	m	100	117	120	122	m	100	117	120	122	m	100	117	120	122	m	100	117	120	122
	Portugal	m	100	100	86	85	m	100	100	86	85	m	100	100	86	85	m	100	100	86	85
	Scotland	50	100	96	93	91	81	100	96	93	91	81	100	96	93	91	81	100	96	93	91
	Slovak Republic	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Slovenia	m	m	m	m	m	86	100	109	105	100	86	100	109	105	100	86	100	109	105	100
	Spain	m	100	102	98	95	m	100	102	98	95	m	100	100	95	92	m	100	100	95	92
	Sweden[3]	m	100	109	m	114	m	100	102	m	109	m	100	103	m	108	m	100	101	m	105
	Switzerland	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Turkey	99	100	112	112	114	99	100	112	112	114	99	100	109	110	112	99	100	109	110	112
	United States[3]	98	100	m	119	120	82	100	93	98	98	103	100	107	110	110	98	100	102	103	103
	OECD average	87	100	103	103	103	89	100	104	103	103	91	100	103	101	102	93	100	102	100	101
	OECD average for countries with data available for all reference years	86	100	101	101	101	89	100	104	103	102	91	100	104	103	102	87	94	96	96	95
	EU21 average for countries with data available for all reference years	83	100	96	95	93	89	100	102	100	100	89	100	102	100	99	91	100	102	100	99
Partners	Argentina	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Brazil	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	China	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Colombia	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	India	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Indonesia	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Latvia	74	100	125	128	m	74	100	125	128	m	74	100	125	128	m	74	100	125	128	m
	Russian Federation	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Saudi Arabia	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	South Africa	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	G20 average	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m

Notes: Years 2006, 2007, 2008, 2009, 2010 (i.e. columns 3-7; 13-17; 23-27; 33-37) are available for consultation on line (see *StatLink* below). The definition of teachers' typical qualification is based on a broad concept, including the typical ISCED level of attainment and other criteria. Please see Box D3.2 for further details.

1. Break in time series following methodological changes in 2007 for upper secondary education.
2. Figures for the pre-primary level refer to primary teachers (in primary schools only) teaching pre-primary classes.
3. Actual base salaries.

Source: OECD. See Annex 3 for notes (www.oecd.org/education/education-at-a-glance-19991487.htm).

Please refer to the Reader's Guide for information concerning symbols for missing data and abbreviations.

StatLink http://dx.doi.org/10.1787/888933286220

2.122 The salaries of teachers in England have fared worse than teachers' salaries in other countries which have implemented austerity economic policies. As the OECD Report indicates:

'In England, Estonia, Greece, Hungary, Ireland, Italy, Portugal, Scotland and Spain, teachers' salaries were significantly affected by the crisis. In Estonia, minimum teachers' salaries were cut back to their 2008 levels in 2010 and were frozen at that level.' [27]

[27] Ibid, page 434

2.123 Despite this, the trend in Estonia has been towards increased teachers' salaries since 2011, whereas as the OECD Report observes of England:

'In England, teachers' salaries were frozen between 2011 and 2012 at all levels of education, followed by a below-inflation increase of 1% in the following year for the public sector as a whole, all due to the financial crisis.'[28]

2.124 The OECD Report concludes that, *'between 2000 and 2013, teachers' salaries rose, in real terms, in all countries with suitable data, except Denmark (upper secondary), England, France and Italy.'* [29]

Teachers' starting salaries

2.125 The OECD data demonstrates that teachers' starting salaries are low when compared with other OECD countries. The OECD Report explains the significance of this:

'Education systems compete with other sectors of the economy to attract high-quality graduates as teachers. Research shows that salaries and alternative employment opportunities are important influences on the attractiveness of teaching (Santiago, 2004). Teachers' starting salaries relative to other non-teaching occupations and the likely growth in earnings have a huge influence over a graduate's decision to become a teacher. Countries that are looking to increase the supply of teachers, especially those with an ageing teacher workforce and/or a growing school-age population, might consider offering more attractive starting wages and career prospects. However, to ensure a well-qualified teaching workforce, efforts must be made not only to recruit and select only the most competent and qualified teachers, but also to retain effective teachers.' [30]

2.126 The OECD Report draws a link between starting and maximum teachers' salaries, stating that, '*most countries with starting salaries below the OECD average also show lower maximum salaries.'* [31]

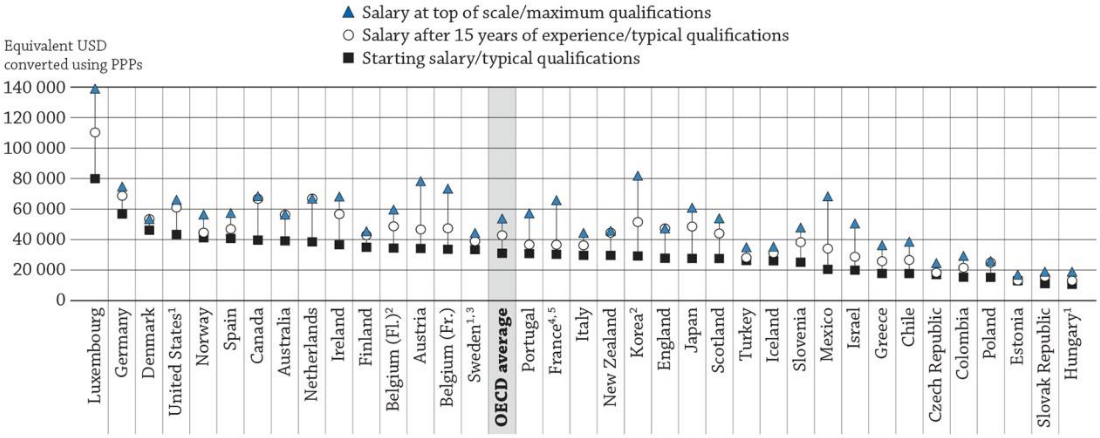
2.127 The uncompetitive nature of teachers' salaries in England is demonstrated by Figure 12 below, which shows the starting salary of teachers across the OECD countries. Out of 36 countries, England is 21st and is six countries behind the OECD average.

[28] Ibid, page 435
[29] Ibid, page 427
[30] Ibid, page 431
[31] Ibid, page 431

Figure 12

Chart D3.2. Lower secondary teachers' salaries at different points in teachers' careers (2013)

Annual statutory salaries of teachers in public institutions, in equivalent USD converted using PPPs



1. Actual base salaries.
2. Salaries at top of scale and typical qualifications, instead of maximum qualifications.
3. Salaries at top of scale and minimum qualifications, instead of maximum qualifications.
4. Includes average bonuses for overtime hours.
5. The typical qualification of starting teachers differ substantially from the typical qualification of all the current teachers.

Countries are ranked in descending order of starting salaries for lower secondary teachers with typical qualifications.

Source: OECD. Table D3.1a, and Table D3.6a, available on line. See Annex 3 for notes (www.oecd.org/education/education-at-a-glance-19991487.htm).

StatLink http://dx.doi.org/10.1787/888933284469

2.128 The OECD Report concludes that teachers in England were in a minority of teachers who suffered real terms cuts in pay between 2000 and 2013:

'Comparing salaries of teachers with typical qualifications in 2000 and 2013, teachers' salaries increased overall in real terms in most countries with available data. Notable exceptions are Denmark (upper secondary), England and France, where there was a decline of about 8% to 10%.' [32]

2.129 Other countries have sought to address the shortage of teachers brought about by falling pay levels.

'For example, some countries that have been experiencing teacher shortages may implement targeted policies to improve the attractiveness of the profession by increasing the salaries of beginning teachers (OECD, 2005). In France, for example, starting teachers received an increase in pay in 2010 and 2011.' [33]

2.130 The OECD Report points to some key issues for teachers in England where post-2013 pay flexibilities will have a significant impact, including crucially on pay and career progression.

2.131 There is a strong trend of pay and career progression across the OECD countries. As the OECD Report indicates, '*In OECD countries, teachers' salaries rise during the course of a career… Statutory salaries for lower secondary school teachers with typical qualifications and ten and 15 years of*

[32] Ibid, page 433.
[33] Ibid, page 434.

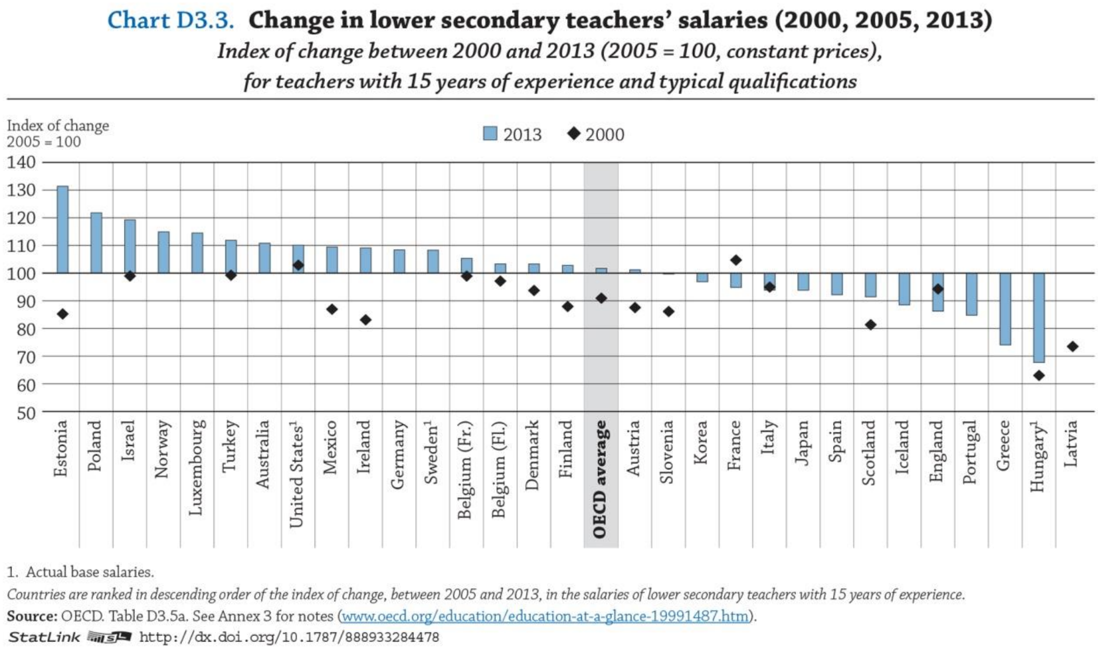
experience are, respectively, 26% and 39% higher, on average, than starting salaries.' [34]

2.132 In the OECD comparator countries, there are career pathways for teachers, a key component of a pay system which rewards and motivates teachers. Hilden and Midstundtad, when analysing factors which contribute to workers' longer careers, advocate a holistic approach that covers the whole range of different rewards throughout the entirety of working life. [35]

2.133 It is clear that effective retention of teachers involves building a career pathway for classroom teachers.

2.134 The poor performance in England in this area is exemplified by Figure 13 below which places England 26th out of 30 countries for pay progression for teachers with 15 years' experience and typical qualifications.

Figure 13



2.135 Since 2013, pay flexibilities (including the ending of pay portability) have worsened the situation as demonstrated by the OECD data.

[34] Ibid, page 432.
[35] Hilden, A.T., & Midstundstad, T. (2015b). Domain: Human resource management and intervention. Full version of chapter in Hasselhorn, H.M., & Apt, W. (eds.) (2015). Available at: http://www.jp-demographic.eu/wp-content/uploads/2015/07/Domain-HRM-and-interventions1.pdf

SECTION 3: TOTAL REWARD

3.1 In *Education at a Glance 2015, OECD Indicators,* the OECD explains that in many countries, teachers' salaries are only one element of their total compensation.[36] The Report goes on to state:

> *'Other benefits, such as regional allowances for teaching in remote areas, family allowances, reduced rates on public transport and tax allowances on the purchase of instructional materials, may also form part of teachers' total remuneration.'* [37]

3.2 This is not the case in England and Wales. In England and Wales, the key element of total reward, which is additional to teachers' salaries, is their pensions. Pensions are deferred pay as the Review Body has noted previously.

3.3 When discharging its 25th remit, the Review Body considered a comparative valuation of individual pension benefits for comparative purposes, published by the Office of Manpower Economics (OME). The NASUWT commented on the comparative valuation in its supplementary evidence to the Review Body.[38]

3.4 The valuation report modelled the impact of pension reform on four different illustrative individual teachers and concluded that the net value of pension costs had fallen at the three valuation dates. Moreover, for all of the illustrative teacher cases included in the comparative valuation report, the typical private sector defined benefit scheme gives higher net benefits than those for a teacher, according to the 2016 valuation of benefits. For one of the illustrative individuals, the net value of pension benefits fell from 13% to 4% from 2010 to 2016.

3.5 The comparative valuation report did not take full account of the reduction in benefits brought about by TPS reform, particularly those associated with the increase in the teachers' normal pension age (NPA) to the state pension age (SPA). The comparative valuation did not take account of the pension contribution increases in April 2014.

Increased Pension Contributions

3.6 In addition to the significant below-inflation pay increases that teachers have endured since 2010 as a result of pay restraint, teachers have had to bear the burden of pension contribution increases. There have been four separate increases to pension contribution rates imposed by the Government since 2010. The level of the latest imposed increase in teachers' pension contributions that took effect from 1 April 2015 is detailed in Table 7 below.

[36] Education at a Glance 2015, OECD Indicators, page 428.
[37] Ibid, page 428.
[38] NASUWT Supplementary Evidence to the Review Body, November 2014

Table 7

Pension Contributions by Earnings

Lower salary	Upper salary	Contribution rate 2015-16	Increase (against 2014-15)	Increase (over 6.4% rate)
Below	£14,999	7.40%	1.00%	1.00%
£15,000	£25,999	7.40%	0.20%	1.00%
£26,000	£34,999	8.60%	0.30%	2.20%
£35,000	£41,499	9.60%	0.10%	3.20%
£41,500	£54,999	10.20%	0.30%	3.80%
£55,000	£74,999	11.30%	0.30%	4.90%
£75,000	and above	11.70%	0.10%	5.30%
£100,000	and above	11.70%	-0.70%	5.30%

3.7 The NASUWT has analysed the impact of the pension contributions increases on teachers' salaries using the DfE data as shown in Table 8 below.

Table 8

Additional Pension Contributions (APC) paid (2012 to 2016)

Total increase in pension contributions	Salary at 1 September 2016	% Increase (over 6.4% rate)	Additional Pension Contributions (over 6.4%) paid in 2016		Additional Pension Contributions (over 6.4%) paid between 2012-2016	
			£pa	£pa with tax relief	£	£ with tax relief
Main Pay Range						
Minimum	£22,467	1	224.67	179.74	883.65	706.92
M2	£24,243	1	242.43	193.94	953.50	762.80
M3	£26,192	1	261.92	209.54	1,030.17	824.13
M4	£28,207	2.2	620.55	496.44	2,414.87	1,931.90
M5	£30,430	2.2	669.46	535.57	2,605.18	2,084.15
Maximum	£33,160	2.2	729.52	583.62	3,211.59	2,569.27
Upper Pay Range						
UPS1	£35,571	3.2	1,138.27	910.62	4,584.91	3,667.93
UPS2	£36,889	3.2	1,180.45	944.36	4,754.79	3,803.83
UPS3	£38,250	3.2	1,224.00	979.20	4,930.30	3,944.24
Leadership Pay Range						
L6	£44,102	3.8	1,675.88	1,005.53	6,724.81	4,034.89
L8	£46,335	3.8	1,760.73	1,056.44	7,564.97	4,538.98
L11	£49,976	3.8	1,899.09	1,139.45	8,596.02	5,157.61
L28	£75,708	5.3	4,012.52	2,407.51	14,982.15	8,989.29
L43	£109,366	5.3	5,796.40	3,477.84	25,165.04	15,099.02

3.8 In practical terms:

- a teacher who started on M1 in 2012 who progressed each year will have paid additional pension contributions after tax relief of £872 by 2015 and £1,408 by 2016; and
- a teacher on UPS1 in 2012 who progressed to UPS2 in 2013 and UPS3 in 2015 will have paid additional pension contributions after tax relief of £2,882 by 2015 and £3,861 by 2016.

3.9 The nature of the significant increase in teachers' pension contributions is clear in Table 9 below. This indicates what the additional rate of pension contributions would have been if they were applied to teachers' salaries which increased in line with RPI inflation from 2010 to 2016. The depression of teachers' pay has, to a certain extent, masked the nature of the pension contribution increases which teachers have endured.

Table 9

Additional Pension Contributions (APC) paid (2012 to 2016) on teachers' notional salaries increased in line with RPI inflation from 2010 to 2016

Total increase in pension contributions	Notional Salary at 1 September 2016 if salaries had increased by RPI since 2010	% Increase (over 6.4% rate)	Additional Pension Contributions (over 6.4%) paid in 2016		Additional Pension Contributions (over 6.4%) paid between 2012-2016	
			£pa	£pa with tax relief	£	£ with tax relief
Main Pay Range						
M1	£25,563	1.0	255.63	204.50	987.25	789.80
M2	£27,584	2.2	606.85	485.48	2,246.16	1,796.93
M3	£29,802	2.2	655.65	524.52	2,508.56	2,006.85
M4	£32,095	2.2	706.08	564.86	2,701.53	2,161.22
M5	£34,624	2.2	761.72	609.38	3,208.67	2,566.94
M6	£37,362	3.2	1,195.57	956.45	4,735.43	3,788.35
Upper Pay Range						
UPS1	£40,475	3.2	1,295.19	1,036.15	5,130.00	4,104.00
UPS2	£41,974	3.8	1,595.00	1,276.00	5,734.03	4,587.23
UPS3	£43,524	3.8	1,653.90	992.34	6,364.45	4,466.48
Leadership Pay Range						
L6	£50,182	3.8	1,906.92	1,144.15	8,481.45	5,088.87
L8	£52,723	3.8	2,003.48	1,202.09	8,910.94	5,346.56
L11	£56,866	4.9	2,786.45	1,671.87	10,845.82	6,507.49
L28	£86,147	5.3	4,565.82	2,739.49	18,331.88	10,999.13
L43	£124,448	5.3	6,595.74	3,957.45	28,604.35	17,162.61

3.10 Table 10 below indicates the total notional combined loss suffered by teachers since 2010, taking into account the failure of teachers' pay to keep up with inflation since 2010 and the increase in pension contributions since 2012.

3.11 This includes the cumulative loss in the value of the previous pay scales (pay ranges and discretionary pay reference points from 2013 onwards) from September 2010 to September 2016, had the teachers' pay award increased in line with RPI inflation. It illustrates the extent in cash terms that each of the discretionary reference points (previously the main scale points) on the teachers' pay ranges (for teachers outside London) have fallen behind RPI inflation since 2010. This has been combined with the detrimental impact of the increases in pension contributions from 2012 to 2014 to indicate the 'total loss' figure from which teachers have suffered.

Table 10

Combined cumulative loss for teachers between 2010 and 2016

England and Wales	Salary at 1 September 2016 (1% uplifted)	Shortfall in salary in 2016 as a result of below RPI pay increases	Additional Pension Contributions (over 6.4%) paid in 2016	"Combined Loss" in 2016[39]	Total additional Pension Contributions (over 6.4%) paid between 2012-2016	Cumulative shortfall in salary between 2010 - 2016 as a result of below RPI pay increases	"Combined Cumulative Loss" between 2010 - 2016[40]
			£pa with tax relief	£	£ with tax relief		£
Main Pay Range							
Min	£22,467	-£3,096	-£179.74	-£3,275.74	-£706.92	-£13,758	-£14,464.92
M2	£24,243	-£3,341	-£193.94	-£3,534.94	-£762.80	-£14,847	-£15,609.80
M3	£26,192	-£3,610	-£209.54	-£3,819.54	-£824.13	-£16,041	-£16,865.13
M4	£28,207	-£3,888	-£496.44	-£4,384.44	-£1,931.90	-£17,274	-£19,205.90
M5	£30,430	-£4,194	-£535.57	-£4,729.57	-£2,084.15	-£18,635	-£20,719.15
Max	£33,160	-£4,202	-£583.62	-£4,785.62	-£2,569.27	-£19,465	-£22,034.27
Upper Pay Range							
UPS1	£35,571	-£4,904	-£910.62	-£5,814.62	-£3,667.93	-£21,787	-£25,454.93
UPS2	£36,889	-£5,085	-£944.36	-£6,029.36	-£3,803.83	-£22,592	-£26,395.83
UPS3	£38,250	-£5,274	-£979.20	-£6,253.20	-£3,944.24	-£23,429	-£27,373.24
Leadership Pay Range							
L6	£44,102	-£6,080	-£1,005.53	-£7,085.53	-£4,034.89	-£27,013	-£31,047.89
L8	£46,335	-£6,388	-£1,056.44	-£7,444.44	-£4,538.98	-£28,381	-£32,919.98
L11	£49,976	-£6,890	-£1,139.45	-£8,029.45	-£5,157.61	-£30,611	-£35,768.61
L28	£75,708	-£10,439	-£2,407.51	-£12,846.51	-£8,989.29	-£46,378	-£55,367.29
L43	£109,366	-£15,082	-£3,477.84	-£18,559.84	-£15,099.02	-£67,000	-£82,099.02

Contracting-out from the State Second Pension

3.12 Contracting-out from the State Second Pension for defined benefits schemes, including the TPS, will end from 6 April 2016, following the introduction of the single-tier state pension. This will increase National Insurance (NI) contribution payments for employees, including teachers, due to the loss of NI

[39] The shortfall in salary in 2016 as a result of below RPI pay increases combined with the additional pension contributions paid in 2016 over 6.4% taking tax relief into account
[40] The cumulative shortfall in salary between 2010 - 2016 as a result of below RPI pay increases combined with the total additional pension contributions paid between 2012 and 2016 over 6.4% taking tax relief into account

rebates which are currently given to reflect the fact that an employee is contributing to a defined benefits scheme.

3.13 NI contributions for earnings between the Primary Threshold and the Upper Accruals Point (£155 per week and £770 per week respectively in 2015-16) for contracted-out employees is currently 10.6% rather than the usual employees' rate of 12% (due to the 1.4% NI rebate).

3.14 Teachers will lose the 1.4% NI rebate from April 2016 and this will, therefore, result in a reduction in take-home pay of 1.4% from April 2016 onwards. The impact of this is demonstrated for teachers in Table 11 below.

Table 11

England and Wales	Salary 2015	Salary 2016 (1%) Uplifted	Difference in Salary (1%) £	Additional NI contribution on 2016 (1%) uplifted salary	Difference between NI increase and 1% salary uplift
Main Pay Range					
Minimum	£22,244	£22,467	-£223	-£233	-£10
M2	£24,002	£24,243	-£241	-£258	-£17
M3	£25,932	£26,192	-£260	-£285	-£25
M4	£27,927	£28,207	-£280	-£313	-£33
M5	£30,128	£30,430	-£302	-£344	-£42
Maximum	£32,831	£33,160	-£329	-£383	-£54
Upper Pay Range					
UPS1	£35,218	£35,571	-£353	-£416	-£63
UPS2	£36,523	£36,889	-£366	-£435	-£69
UPS3	£37,871	£38,250	-£379	-£454	-£75
Leadership Pay Range					
L6	£43,665	£44,102	-£437	-£479	-£42
L8	£45,876	£46,335	-£459	-£479	-£20
L11	£49,481	£49,976	-£495	-£479	£16
L28	£74,958	£75,708	-£750	-£479	£271
L43	£108,283	£109,366	-£1,083	-£479	£604

3.15 For the overwhelming majority of teachers, a 1% pay increase would not even cover the increase in NI contributions which they will have to pay from April 2016 onwards. For a minority of higher paid school leaders, a 1% increase would be less than their increase in NI contributions. This is because of the way the Upper Accruals Point reduces the detrimental NI impact of the end of contracting out for higher paid teachers. The impact of this would be to increase, even further, the differential between more highly paid school leaders and classroom teachers.

3.16 The 2016/17 pay award must take this into account.

3.17 There is an additional detriment for TPS members brought about by the end of contracting out in April 2016. Recent evidence of the impact of the introduction of the new state pension and the end of contracting out indicates that the effect of the removal of inflation-proofing on public service pensions may lead to a lifetime loss of £20,000 for a typical public-service pensioner, including a teacher.[41]

National Pensions Policy Reform

3.18 Since the 2015 General Election, Government attacks on teachers' pension provision have accelerated. In particular, there are two significant changes planned, the public sector pay cap in the Enterprise Bill and potential far-reaching change to the national pensions taxation regime. Whilst UK wide changes to pensions do not fall within the scope of the Review Body, the Review Body needs to be aware of the reductions in deferred pay.

The Public Sector Pay Cap

3.19 The public sector pay cap is a provision of the Enterprise Bill 2015 currently before Parliament.

3.20 The Enterprise Bill provides for a series of statutory and contractual entitlements for teachers, together with early occupational pension release, to be costed and aggregated to form a notional 'exit package' cost of £95k before tax, which will be subject to the cap.

3.21 The NASUWT has opposed the inclusion of early access to unreduced pension within the cap, making it clear that employer and LA discretion to award teachers early retirement should not be impeded by the cap.

3.22 The NASUWT believes that early access to unreduced pension is a discretion which employers can exercise to manage redundancies in accordance with statute, which places a duty on employers to take action to avoid or reduce the number of redundancies or to mitigate the impact of redundancy.

3.23 The NASUWT has also made it clear to Government that any restriction to access of unreduced pension would break the 25-year guarantee which the 2010-15 Conservative-led Government gave over its TPS reforms.

3.24 Nevertheless, the Government has pressed ahead with the provision in the Enterprise Bill and, as a result, the DfE is proposing to amend the TPS Regulations to bring them into line with the primary legislation. The DfE accepts that the consequence of this will be potentially to reduce pensions in payment for TPS pensioners for whom an element of their pension is funded by the employer, to mitigate the impact of redundancy.

[41] http://www.telegraph.co.uk/finance/personalfinance/pensions/12007716/Ill-be-28000-worse-off-with-the-new-state-pension-and-no-one-told-me.html

The Pensions Taxation Regime

3.25 In July 2015, the Government began consultation on changes to the pensions taxation regime, *Strengthening the Incentive to Save*. The Government announced that it intended to review the UK pensions taxation regime, with a view to reducing the amount of pensions tax relief.

3.26 The current pensions taxation regime is Exempt-Exempt-Taxed (EET), with the following exceptions:

- total pension contributions are subject to an annual and lifetime allowance;
- 25% of the pension pot can be taken as a tax-free lump sum.

3.27 The lifetime allowance is the maximum amount of tax-free pensionable savings which can be built up over a lifetime and the Coalition Government previously had announced in March 2015 that this will reduce to £1 million in April 2016. This change will mean that some members of the TPS cease to receive tax relief on some of their TPS savings.

3.28 The Government set out the following options in its consultation:

- a taxed-exempt-exempt (TEE) pensions taxation regime;
- removing anomalies in the system (e.g. maintaining an EET system but taxing pension lump sums); and
- reducing the higher rate of tax relief.

3.29 The potential impacts of these changes are:

- detrimental changes to the pensions taxation regime will further reduce provision, for many teachers, to inadequate levels;
- taxation of pension contributions would reduce income to the (TPS) unless contributions increase further; and
- reduced TPS income would lead to a potential further deficit in the TPS, leading to reduced pension benefits.

3.30 The Government is expected to announce changes to the pensions taxation regime in the 2016 Budget. It can be anticipated that the intention of the Government to generate revenue by increasing the taxation of pensions will impact detrimentally again on teachers and other public service workers. This needs to be taken into account when considering total reward.

SECTION 4: TRENDS IN TEACHER SUPPLY

WARWICK UNIVERSITY INSTITUTE OF EMPLOYMENT RESEARCH: CASE STUDY
A group of young female teachers discussed the future of the teaching profession. One said 'I think what will happen is that you'll just have a rolling programme of NQTs starting, lasting two years, getting burnt out, then another group of NQTs coming in…'. She thought that graduates would get enough money to pay off their student fees, teach for two years, find they couldn't manage the workload and stress and then move on. 'You won't get anyone over 30 doing teaching'. One young teacher said that the general feeling among her friends was that teaching was only sustainable because none of them had children or families but if they did, this would change. Another agreed and added that 'the level of burnout is going to increase; it's getting to the point that you just can't maintain it, all the changes with the academies, the culture, everything, it's just exhausting'. She felt that the unrealistic targets being set for teachers meant that 'you're signing up to fail, almost.' (Female teachers aged under 50, focus group).

4.1 The Secretary of State's remit letter asks that, in considering its recommendations, the Review Body should have regard to:

- *'evidence of the national state of teacher and school leaders supply, including rates of recruitment and retention, vacancy rates and the quality of candidates entering the profession;'*
- *'forecast changes in the pupil population and consequent changes in the level of demand for teachers.'*

4.2 The evidence below sets out the NASUWT's concerns about current and future recruitment and retention.

4.3 Submissions by the NASUWT to the Review Body since 2011 have highlighted the growing problems in relation to teacher recruitment and retention and the contributory factors to this.

4.4 In its evidence, the NASUWT has highlighted the increasingly high numbers of teachers seeking to leave teaching altogether, the decline in the number of graduates seeking to train to become teachers and the substantial numbers of Initial Teacher Training (ITT) places unfilled.

4.5 These increasing difficulties in teacher supply have been acknowledged, in part, by the Minister of State for Schools.[42] However, in setting out the DfE's position on this issue, the Minister declined to describe the current situation as a 'crisis', stating merely that the system faced a 'challenge'.

4.6 The Minister's description understates the scale of the issues facing the education system in terms of teacher supply. The current position can accurately be described as a recruitment and retention crisis. The basis for the NASUWT's assessment is set out in the following paragraphs.

[42] Vaughan, R. (2015). 'There is no teacher recruitment crisis'. *TES.* (3 July). Available at: (https://www.tes.com/news/school-news/breaking-news/schools-minister-there-no-recruitment-crisis), accessed on 14.11.15.

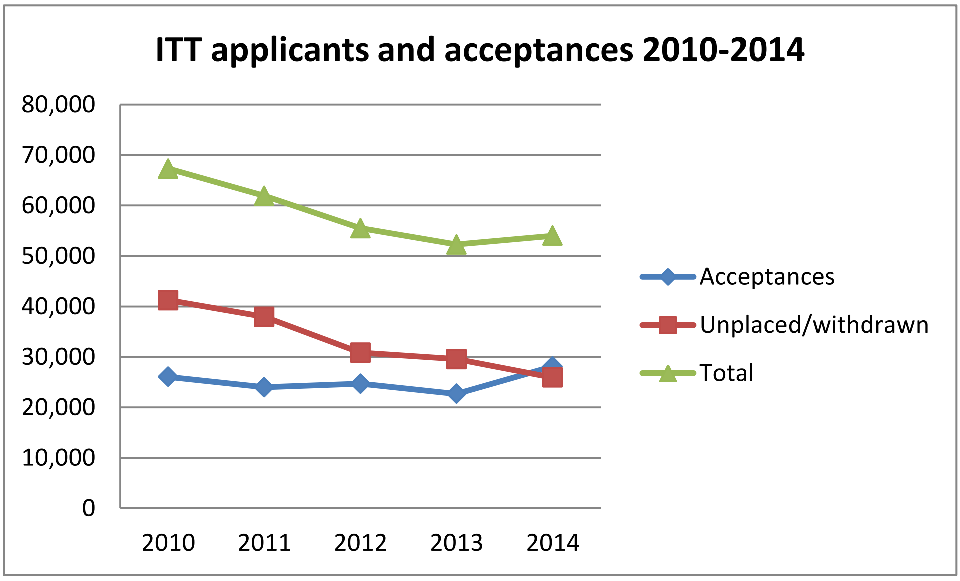
Recruitment into the teaching profession

4.7 The most recent data from the Universities and Colleges Admissions Service (UCAS) *End of Cycle Analysis Report 2014* established that approximately 54,000 people applied to postgraduate teacher training through the new UCAS Teacher Training (UTT) application scheme in 2014.[43]

4.8 While this represents a statistically insignificant increase in the total number of applications for higher education-led ITT for courses starting in 2013, it is substantially lower than the 55,502 applications made in 2012 and confirms a 13,000 decrease in the number of applications since the peak of 67,289 applicants for courses starting in 2010, a decrease in applications of approximately 20% between 2010 and 2014, a period which coincides with the imposition by the former Coalition Government of pay freezes and restraints.

4.9 The erosion of teachers' pay in the period 2010-15 has meant the value of teachers' pay has declined by 13.8%. Furthermore starting salaries for teachers are currently 20% lower than the average starting salary for other graduates.

Figure 14



Source: DfE ITT census

4.10 It is important to recognise that the significant fall in recruitment into teaching, evident since 2010, contrasts starkly with experience during previous recessions, in which slow or negative economic growth has been strongly correlated with increases in applications for courses of ITT.

[43] Universities and Colleges Admissions Service (UCAS) (2015). *End of cycle report.* Available at: (https://www.ucas.com/sites/default/files/utt_eoc_2014_eoc_15_03_27_1.pdf), accessed on 14.11.15.

4.11 This suggests that, despite the considerable financial incentive schemes to recruit graduates into teaching, the policies pursued by the previous Coalition and the current Governments for the education system have had a powerful disincentive effect on graduates in relation to their choice of teaching as a career.

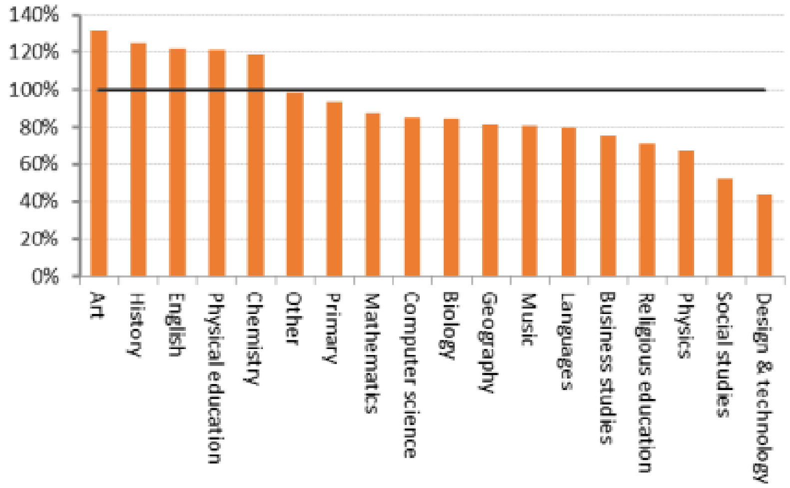
4.12 The DfE Statistical First Release (SFR) for the academic year 2014/15 provides provisional figures on the number of new entrants to have started, or expect to start, on the ITT program in England.[44] The SFR confirms that the number of new entrants onto a training programme fell from 32,779 in the academic year 2013/14 to 32,156.

4.13 Despite the increase in the proportion of applications accepted, ITT courses remain significantly undersubscribed. The 19,213 entrants to primary programmes in 2014/15 represented only 93% of the DfE's target. The DfE also fell short of its secondary recruitment target, with the 12,943 entrants to programmes representing only 91% of the number identified as necessary by the DfE. Overall, postgraduate courses met 94% of the target number of recruits while undergraduate courses only secured 89% of the total number of entrants felt to be sufficient to sustain satisfactory recruitment levels.

4.14 The SFR data further confirms that the majority of subjects did not recruit sufficient trainee teachers to meet the targets set by the DfE. (Figure 2 below.)

Figure 15

Applications for ITT by subject/phase against national recruitment targets (2014-15)



44 DfE (2014). Statistical First Release: Initial teacher training census for the academic year 2014 to 2015. Available at (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380175/ITT_CENSUS_2014-15_FINAL.pdf), accessed on 14.11.15.

4.15 The seriousness of the recruitment issues facing the education system is emphasised by data from the most recent DfE survey of ITT places. This shows that recruitment into an increasing number of ITT programmes is falling far below the number identified by the DfE's Teacher Supply Model and that the position has deteriorated significantly since 2011 (Table 12 below.)

Table 12

Actual recruitment into ITT programmes as a percentage of Teacher Supply Model indicative requirement

	2011	2012	2103	2014	2015
OTHER	129%	114%	118%	98%	39%
D&T	116%	85%	48%	44%	41%
BUSINESS STUDIES	149%	84%	87%	76%	56%
RE	102%	104%	80%	71%	59%
ART	129%	118%	98%	132%	63%
PHYSICS	93%	97%	72%	67%	69%
COMPUTER SCIENCE	96%	63%	57%	85%	70%
MUSIC	106%	100%	98%	81%	74%
GEOGRAPHY	110%	104%	99%	81%	75%
BIOLOGY	128%	101%	95%	85%	78%
MFL	98%	103%	83%	79%	81%
MATHS	102%	95%	90%	88%	85%
ENGLISH	121%	111%	128%	122%	86%
CHEMISTRY	122%	109%	127%	119%	91%
PE	132%	125%	126%	121%	100%
HISTORY	123%	117%	143%	125%	113%

Source: DfE ITT survey

4.16 The SFR identifies the particular difficulties experienced with recruitment into School Direct training places. Overall, the School Direct programme filled only 61% of the allocated places, with the School Direct fee-paying route filling only 57% of the places available. This serves to emphasise the concerns expressed previously by the NASUWT about the long-term implications for teacher supply of the DfE's increasing reliance on the School Direct programme which has, in practice, devolved responsibility for recruitment of the nation's teachers to individual schools. The data suggests schools are not best placed to meet these challenges. Furthermore, it is important to note the very real concerns about the potential for bias and discrimination in the selection to the School Direct Programme, which the Government has no levers to address.

4.17 The Government has set much store by the Teach First programme but this recruits only approximately 1,600 out of the 35,000 teachers the DfE set as the number it believes it is necessary to recruit annually.

4.18 In light of this evidence, it is clear that problems with recruitment into teaching are intensifying and creating significant barriers to ensuring adequacy of teacher supply to the extent that 'crisis' rather than a 'challenge' is a more apt description.

The quality of trainees by degree classification

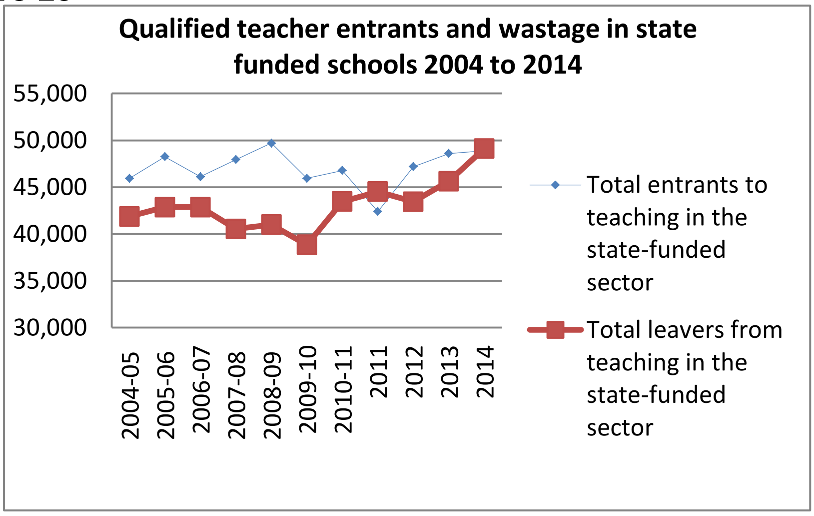
4.19 The DFE has continued to seek to draw attention to the fact that the proportion of entrants into ITT with a degree classification of 2:1 or higher, increased from 66% in 2011-12 to 72% in 2013-14 as evidence that its policies are securing a better qualified teacher workforce.[45]

4.20 However, it should be recognised that the proportion of trainees entering teaching with 2:1 or above has been increasing over a considerable period of time. The increases since 2010 represent a continuation of the trend rather than an outcome attributable to policy since that date.

Teacher wastage

4.21 Levels of wastage from the teaching profession, other than for reasons of retirement or death-in-service, have risen significantly. The School Workforce Census confirms that between 2011 and 2014, the number of teachers leaving teaching rose from 24,330 to 31,350.[46] The School Workforce Census 2014 data further confirms that for the first time since data was collected on its current basis, the total number of entrants to teaching in the state-funded sector was less than that of those leaving the profession (Figure 16 below.) Since 2011, only 4,370 more teachers entered the teaching profession than have left. It is important to note that this period also coincides with the introduction of increased flexibilities over teachers' pay and conditions of service.

Figure 16



4.22 These figures echo the outcomes of the NASUWT Annual Big Question Survey (2015) of teacher opinion which found that:

- 58% of teachers felt that their job satisfaction had declined over the past 12 months;

[45] DfE (2015). 'Nick Gibb: The importance of the teaching profession' Gov.uk (5 September). Available at: (https://www.gov.uk/government/speeches/nick-gibb-the-importance-of-the-teaching-profession), accessed on 15.11.15.
[46] DfE (2014). School workforce in England: November 2014. Available at: (https://www.gov.uk/government/statistics/school-workforce-in-england-november-2014), accessed on 15.11.15.

- 78% of teachers indicated that they did not feel that they were empowered professionally to deliver the best outcomes for their pupils;
- nearly seven in ten teachers (68%) had considered quitting the profession altogether in the last twelve months; and
- 68% of teachers would not trust their headteacher to make fair and objective decisions about pay progression.

4.23 Comparable figures were reported in an independent ComRes poll[47] which found that:

- almost six in 10 teachers (59%) state that they had seriously considered leaving their current job in the last 12 months;
- over half (52%) had seriously considered leaving the teaching profession over the past year; and
- well over half (56%) disagreed with the statement *'I would recommend* a *career as a teacher to a friend.'*

Retirements

4.24 The current demographic composition of the teacher and school leader workforce highlights the implications of retirements for the supply of teachers in future.

4.25 Between 1992-93 and 2014-15, the number of retirements per year from the workforce by teachers of pension age increased from 3,310 to 9,150. This was notwithstanding the greater restrictions placed on the ability of teachers to access retirements introduced over this period.

4.26 It is, therefore, important to note that the School Workforce Census confirms that approximately 86,400 full-time equivalent teachers, almost 19% of the total, are aged 50 or over and that, as a result, age-related retirements are likely to continue to exert pressure on maintaining the sufficiency of the pool of active teachers.

4.27 In addition to age-related retirements, evidence suggests that a significant proportion of teachers will continue to seek early exit from the profession, including through the use of actuarially-reduced pensions. The DfE's Teachers Working Longer Review is examining evidence in relation to poor practice in schools regarding the management of older teachers which may contribute to teachers seeking to retire early rather than to work until their normal pension age.

Vacancy rates

4.28 The pressures described above in relation to teacher recruitment and retention are reflected in the current vacancy rates.

[47] ComRes (2014), Teachers' Survey: Satisfaction and Wellbeing in the Workplace, London

4.29 The vacancy rate data may not capture the full extent of issues in respect of teacher supply. The basis upon which annual vacancy rate data is calculated was changed by the Coalition Government in 2010, so that such data is now collected in November instead of January. The data now excludes the significant number of vacancies that arise at the end of the calendar year and is, therefore, likely to understate the extent to which teaching posts are not filled permanently.

4.30 Clear evidence exists that teacher vacancy rates are becoming extremely problematic. Data from the 2014 School Workforce Census confirms that the vacancy rate is now at 1.2%, an increase from 0.6% in 2010. The current rate is approaching the 1.4% teacher vacancy rate, calculated on the pre-2010 basis, reached in 2000, acknowledged at the time by the Review Body as indicative of substantial teacher supply problems.

4.31 Further evidence of increasing barriers to filling vacancies is confirmed by the increase in the number of unqualified teachers working in teaching roles in schools from 16,620 to 20,320 between 2013-14 and 2014-15.

4.32 It is also clear that the issues of teacher supply are driving schools to deploy teachers to teach in subject areas which are not their first specialism or for which they have not been trained. The School Workforce Census confirms that only 79.8% of mathematics lessons in year groups 7-13 were taught by teachers with a relevant post-A-level qualification in the subject, a decrease from the 82.7% of lessons taught by such teachers in 2013. Comparable declines have occurred in relation to English and science.[48]

The teacher supply crisis: implications

4.33 It is clear that the problems in respect of teacher recruitment and retention highlighted above will have significant impact on the provision of education in schools. Pupil numbers are increasing significantly across the system. DfE data confirms that all state-funded school sectors, except maintained nursery schools, are projected to experience sustained increases in pupil numbers between 2015 and 2024.[49]

4.34 During the period 2016-2024, secondary school numbers are projected to increase by 20%, reaching 3.2 million by the end of the period. Overall, an additional 800,000 pupils will need to be catered for in the secondary education sector by 2022.

4.35 In the primary sector, the pupil population is projected to increase by 8% between 2015 and 2024. A recent detailed analysis of teacher supply requirements confirmed that by 2020, the total number of full-time equivalent primary teachers will need to increase by 33,000 on the corresponding figure in 2010 to maintain current pupil/teacher ratios.[50]

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[48] DfE (2015). *op.cit.*
[49] DfE (2015). National pupil projections: trends in pupil numbers – July 2015. Available at (https://www.gov.uk/government/statistics/national-pupil-projections-trends-in-pupil-numbers-july-2015), accessed on 15.11.15.
[50] Pearson Think Tank (2012). *Are we running out of teachers?*

4.36 This combination of increasing pupil numbers and constraints on teacher recruitment and retention will lead to significant shortages in teachers and school leaders, unless the situation is considered seriously by Government and policies to increase recruitment and retention into the school workforce are implemented. For example, based on the current DfE Teacher Supply Model, shortfalls in recruitment between 2011/12 and 2014/15 have resulted in a shortage of approximately 6,000 teachers.[51] This is likely to result in unacceptable increases in pupil/teacher ratios, an increasing reliance on unqualified staff to lead teaching and learning and teachers being required to teach subjects for which they do not have a relevant post-A-level qualification.

4.37 The NASUWT notes the debates about the future of school leader supply. Policy assessments of this issue have failed to take account of the implications for leader recruitment and retention and the broader teacher-supply issues. School leaders are drawn from the wider teacher workforce and a teacher supply problem will inevitably impact on leadership recruitment.

4.38 It is clear that the impact on recruitment and retention of the current teacher supply crisis will, in time, result in problems in securing a sufficient number of suitably qualified and experienced teachers to fill middle and senior leadership roles. The NASUWT believes it is essential to address teacher recruitment and retention issues to support school leader supply strategies.

Policy influences on teacher supply

4.39 It is clear that the pay freezes and caps have had a significant deterrent effect on the extent to which graduates are willing to consider teaching as a career.[52] This is shown by the most recent Report on *The Graduate Market in 2015*, data produced by High Fliers Research.[53]

4.40 This indicates that competition in the market for graduates continues to intensify and that the context is set to become much more challenging for schools to recruit and retain teachers. The Report confirms that leading employers are increasing graduate recruitment and that there is more demand for graduate labour across the board.[54]

4.41 The Report highlights the challenges facing Government and schools in competing for top graduates. In 2015, the median graduate starting salary at the UK's leading graduate employers stood at £30,000.[55] This is significantly more than the salary a newly qualified teacher can expect to earn in their first year, with the minimum of the main pay range being £22,244. In addition to this, teachers were subject to a two-year pay freeze since September 2011 and a two-year pay cap of 1% since September 2013. Increased deregulation and pay flexibilities, the dismantling of the pay scales and the removal of clear career paths have resulted in teachers entering the profession on the basis of only being guaranteed the statutory minimum starting salary as any pay progression is entirely discretionary.

[51] Wilkins, C. (2014). 'Is a teacher shortage looming?' (8 December). Schoolzone (http://www.schoolzone.co.uk/schools/blog/archive/Jan15.asp) accessed on 15.11.15.
[52] Pearson Think Tank (2012). *op. cit.*
[53] http://www.highfliers.co.uk/download/2015/graduate_market/GMReport15.pdf
[54] *ibid.*
[55] *ibid.*

4.42 Other conditions of service issues are also important in terms of teacher recruitment and retention. In particular, the extent to which workload has increased and its effects on the professional lives, health and wellbeing of teachers.

4.43 The Secretary of State recognised through her Workload Challenge that the lives of teachers up and down the country have been blighted by excessive workload. This is compounding the recruitment and retention crisis.

4.44 The NASUWT has been highlighting the issue of excessive workload through its Annual Big Question survey since 2011. The thousands of teachers responding to the survey have consistently reported workload as their top concern about their working lives. It is, therefore, deeply regrettable that Government policy has continued to increase the burdens on teachers and that effective and essential tools for measuring job satisfaction were abolished by the Government.

4.45 Evidence also indicates that the denigration and deprofessionalisation of teaching by the Government is having a damaging impact upon recruitment and retention into teaching.

4.46 A report by Pearson supports the NASUWT's view that the constant denigration of the teaching profession by Ofsted and Government is having a *'damaging impact to morale (as a result of) a combination of punitive and pejorative discourses and a raft of dramatic policy changes.'*[56] The report identifies this as a severe threat to maintaining effective rates of recruitment and retention into teaching.

[56] Pearson Think Tank. (2012). *op. cit.*

SECTION 5: THE WIDER STATE OF THE LABOUR MARKET

5.1 The Secretary of State has asked the Review Body to have regard to *'the wider state of the labour market in England and Wales.'* The wider state of the graduate labour market in England and Wales, in the view of the NASUWT, necessitates a substantial above-inflation pay increase for teachers.

5.2 Teachers have been subject to a two-year pay freeze since September 2011 and a two-year pay cap of 1% since September 2013, despite high cost of living pressures and at a time when average pay awards in the whole economy have been at 2.5% for the years 2011, 2012, 2013 and 2014 and have settled 2% throughout 2015. Since 2014, some teachers will have received no cost of living award due to the introduction of pay flexibilities in schools.

5.3 XpertHR[57] analysis provides further confirmation that the median basic pay award in the three months to the end of September 2015 is 2%, illustrating the stability of above-inflation pay settlements across the whole UK economy. XpertHR reports that employees are continuing to experience real wage growth as the median pay award remains well above inflation on both the RPI and CPI measures. In September 2015 RPI was 0.8% and CPI -0.1%. While inflation remains low, this situation will prevail, as there are no signs that an increase in the median pay award is forthcoming.

5.4 The Office for National Statistics (ONS) reported in the Annual Survey of Hours and Earnings (ASHE) a rise in April 2015 in median gross weekly earnings for full-time employees by 1.8% to £528, up from £518 in 2014. This follows an annual growth of 0.2% between 2013 and 2014. Growth has been slower since the economic downturn, averaging around 1.5% per year between 2009 and 2015.[58]

5.5 The Labour Research Department (LRD) reports that:

- with inflation under the RPI rising by 1.1% in August, all the percentage pay rises recorded above 1.1% meant an increase in real terms and so the average worker saw an improvement in their living standards;
- headline earnings growth (the rolling three-month average) for the whole economy was up to 3.0% in the period ending August from 2.9% in the period ending July;
- manufacturing earnings growth was up to 1.7% from 1.5%, while service sector earnings growth was up to 3.1% from 3.0%. For the private sector as a whole, earnings growth was up to 3.4% from 3.3% the previous month;
- for the public sector excluding financial services, earnings growth increased by just 1.2% from 1.1%.

(Source: LRD Fact Service Volume 77, Issue 41, 15 October 2015)

[57] XpertHR *Pay trends October 2015: pay awards hold steady* (23 October 2015) www.xperthr.co.uk/
[58] Office for National Statistics (ONS) (2015) Annual Survey of Hours and Earnings 2015 Statistical Bulletin (ASHE 2015).

5.6 Table 13 below provide the mean average earnings figures published in the Annual Survey of Hours and Earnings (ASHE) 2015.

5.7 Classroom teachers earn on average £659.60 a week, which is £134.30 less a week than Professionals. The ASHE 2015 and SWC 2014 data clearly discredits the claim of the DfE in their evidence to the Review Body's 25th Report that classroom teachers' salaries showed they were still competitive, when teachers' average pay lags so far behind that of comparator professional occupations.

Table 13: Average weekly earnings compared to classroom teachers

Full-time average weekly earnings by occupation	£ a week (ASHE 2015)	Difference a week (ASHE 2015) £	Difference a week (ASHE 2015) %
All employees	627.40	32.20	5.1%
Professionals	793.90	-134.30	-16.9%
Classroom teachers	**659.60**	-	

Comparisons with other graduate employers

5.8 In its 25th Report, the Review Body noted that the mean classroom teacher salary was lower than that of a graduate professional in all regions.[59]

5.9 The most recent *The Graduate Market in 2015* data produced by High Fliers Research indicates that competition in the market for graduates continues to intensify and that the context is set to become much more challenging for schools to recruit and retain teachers. The number of graduates hired by organisations featured in the Times Top 100 Graduate Employers rose by 7.9% in 2014, compared with recruitment in 2013, the largest annual rise in graduate recruitment for four years.

5.10 The High Fliers Report confirms that the UK's leading employers are increasing graduate recruitment and that there is more demand for graduate labour across the board. Last-minute increases in employers' recruitment targets and a sharp rise in the number of graduates turning down or reneging on job offers meant that more than 700 graduate positions were left unfilled last year. The UK's leading employers plan to expand their graduate recruitment even further in 2015 with 8.1% more entry-level vacancies than last year, the third consecutive year that graduate vacancies have increased.

5.11 This substantial increase in graduate vacancies for 2015 takes graduate recruitment beyond the pre-recession peak in the graduate job market in 2007 and means that there will be more opportunities for this summer's university-leavers than at any time in the last decade. In January 2014, recruiters were expecting the annual rise in recruitment would be at least 8%, and by July 2014 the final estimate put the growth in graduate jobs at more than 12%.

[59] STRB 25th Report, paragraph 2.39

5.12 The evidence presented in the High Fliers Research confirms that starting salaries at the UK's leading graduate employers are expected to increase for the second year running in 2015, reaching a median of £30,000 for the first time. This represents a pay premium over teachers starting on the £22,244 minimum on the Main Pay Range of more than a third (35%).

5.13 The High Fliers Research highlights the immense challenge facing Government and schools in competing for top graduates. More than a quarter of top graduate programmes will pay new recruits more than £35,000 when they start work and four organisations are offering salaries in excess of £45,000 to this year's graduates. The most generous salaries in 2015 are those on offer from competitor professions, including investment banks (median of £45,000), law firms (median of £40,000), banking and finance firms (median of £36,500), oil and energy companies (median of £32,500) and Aldi (£42,000).

5.14 In 2015, the median graduate starting salary at the UK's leading graduate employers stood at £30,000. This is significantly more than the salary a newly qualified teacher can expect to earn in their first year, with the minimum of the main pay range being £22,244. The average teacher would take five years to achieve a salary of £30,000 based on annual pay progression. However, with the removal of the traditional spine points on the classroom teachers' main pay scale, there is no longer a structured career path for new teachers entering the profession and no guarantee that they will ever progress beyond the statutory minimum starting salary as a result of increased flexibility and discretion.

5.15 The Association of Graduate Recruiters (AGR) Graduate Recruitment Survey 2015 results confirm the findings in the High Fliers research. The AGR 2015 Winter Review Report reveals that AGR member organisations intend to recruit more graduates than ever before. AGR employers are predicting an increase in graduate vacancies of 11.9% from 2013-2014 to 2014-2015. This follows actual increases of 4.3% in each of the two previous recruitment seasons. Almost half (44.8%) of AGR employer members reported that they had unfilled vacancies in 2014, with 1,422 vacancies reported as unfilled.

5.16 Collectively, employers are estimated to have offered a total of 21,682 vacancies during the 2013-2014 recruitment season. The majority of sectors expect to increase their vacancies, with only three predicting a fall in vacancy levels in the 2014-2015 recruitment season. Table 14 below from the AGR report shows the predicted recruitment increases by sector from 2013-2014 to 2014-2015.

Table 14

Table 1.3: Percentage change in vacancies from 2013-2014 to 2014-2015 by sector (predicted)		
IT/Telecommunications	↑	26.9%
Public sector	↑	23.0%
Construction company or consultancy	↑	22.1%
Engineering or industrial company	↑	19.7%
Investment bank or fund managers	↑	12.3%
Banking or financial services	↑	10.3%
Accountancy or professional services firm	↑	6.8%
Law firm	↑	3.3%
Retail	↑	0.7%
Energy, water or utility company	↓	-0.3%
FMCG company	↓	-5.0%
Consulting or business services firm	↓	-5.3%

5.17 The NASUWT organises the UK's largest conferences of teachers with protected characteristics. At the NASUWT's 2015 Young Teachers' Consultation Conference, 69% of young teachers indicated that they felt that a pay system which lags significantly behind other professions is a barrier to those graduates or new recruits considering teaching as a profession.

5.18 The NASUWT's Annual Big Question Survey March 2015 asked teachers in England and Wales about the competitiveness of teachers' salaries.

5.19 In England, the percentage of teachers who think that teaching is not competitive with other professions has risen from 2011 to 2015 from 68% to 76%. 69% of teachers do not believe that they are paid at a pay level commensurate with their skills and experiences and 66% of teachers believe that people are put off a career in teaching because of pay.

5.20 In Wales, 81% of teachers do not believe that teaching is competitive with other professions, 75% of teachers do not believe they are paid at a pay level commensurate with their skills and experiences and 65% of teachers believe that people are put off a career in teaching because of pay.

5.21 In November 2015, over 150 newly qualified teachers (NQTs) attended a seminar organised by the NASUWT and a real-time electronic poll of those attending the seminar found that:

- more than one in ten (11%) say they only intend to stay in teaching for 12 months;
- nearly a fifth (19%) say they intend to stay only for a maximum of two to five years;
- nearly a third (30%) say they can rarely or never access appropriate external professional development;
- the majority (61%) said secure employment with fair access to pay progression would be the change which would most encourage them to stay in teaching long-term.

SECTION 6: AFFORDABILITY

6.1 In her remit letter the Secretary of State asks the Review Body, in considering its recommendations, to have regard to '*the need to ensure that any proposals are affordable at both a national level and within the existing budgets of individual schools'.*

6.2 The NASUWT notes that, unlike last year, the remit to the Review Body invites the Review Body to consider the national pay award for teachers in the context of the national picture, as well as being affordable to individual schools.

6.3 The NASUWT also notes that the Secretary of State has recognised and accepted the importance of the pay award for teachers being determined in the context of national deliberations on merits and affordability and also the contribution made nationally to addressing teacher recruitment and retention pressures.

6.4 The Government stated in the Summer Budget 2015[60], in the consultation on the Spending Review[61] and in the Chief Secretary to the Treasury's letter to the Chairs of Review Bodies on 19 August 2015, that it will fund a 1% pay award for the public sector workforce for four years from 2016-17.

6.5 In the 2015 Comprehensive Spending Review/Autumn Statement the Chancellor of the Exchequer announced that school budgets will be protected in real terms during the Spending Review period. In addition, £390 million of additional funding is to be given to poorly funded areas in 2015-16. The pupil premium will be protected at current rates.

Affordability at individual school level

England

6.6 The NASUWT is concerned that affordability at individual school level continues to be reference by the Secretary of State.

6.7 Prior to 2010, the question of school level affordability was not a relevant factor advanced for consideration, as successive governments funded the pay award through increases to the funding quantum for schools. In doing so, governments have traditionally recognised and accepted the importance of providing national funding to enable all schools to secure the national entitlement for all pupils to be taught by those recognised and rewarded as highly qualified, skilled and experienced professionals.

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[60] https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015
[61] A country that lives within its means: Spending Review 2015 17
https://www.gov.uk/government/publications/spending-review-2015-a-country-that-lives-within-its-means

6.8 The DfE published local authority and school expenditure on education, children's and young people's services, in the financial year 2013 to 2014 on 11 December 2014.[62] These are the latest figures currently available.

6.9 These statistics show that average budget surpluses have increased significantly in recent years.

6.10 When considered on a per school basis, surpluses have increased steadily year on year since 2009/10, as Table 15 and Figure 17 below illustrate:

Table 15

Average revenue balances per school 2009 - 2014

All schools	Total number of schools	Total revenue balance (£,000)	Average revenue balance (£ per school)	Change in average balance	Change in average balance since 2010	Schools in deficit			Schools in surplus		
						Number of schools in deficit	% schools in deficit	Total deficit (£,000)	Number of schools in surplus	% schools in surplus	Total surplus (£,000)
2009-10	21,722	£1,665,279	£76,663			1,968	9.06%	£(161,418)	19,671	90.56%	£1,826,697
2010-11	21,567	£1,955,448	£90,669	18%		1,511	7.01%	£(143,478)	19,930	92.41%	£2,098,926
2011-12	20,978	£2,323,533	£110,760	22%		1,081	5.15%	£(109,937)	19,679	93.81%	£2,433,469
2012-13	19,648	£2,224,954	£113,241	2%		1,111	5.65%	£(81,191)	18,318	93.23%	£2,306,145
2013-14	18,403*	£2,158,786	£117,306	4%	53%	1,027	5.58%	£(73,152)	17,192	93.42%	£2,231,938

This total does not include pupil referral units

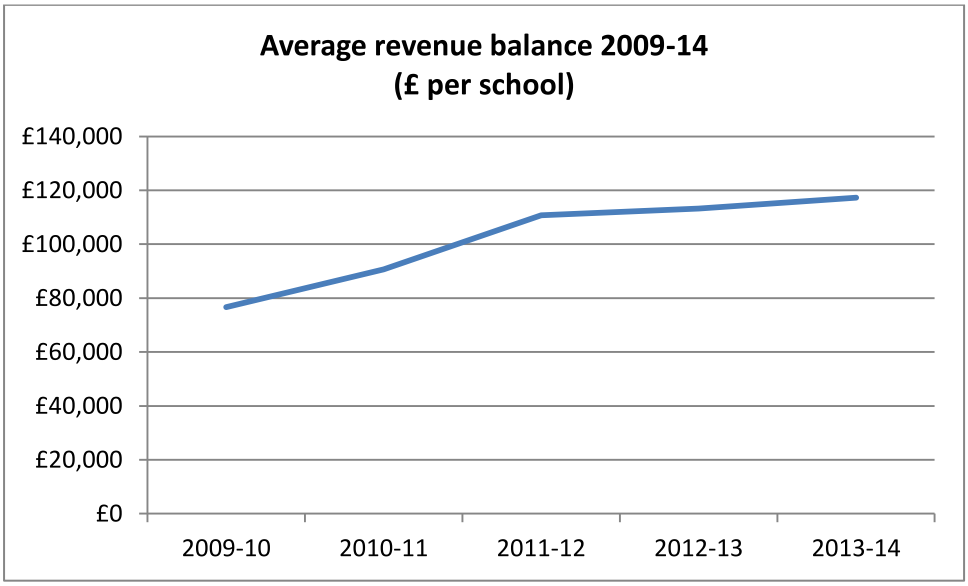
6.11 Average maintained school revenue balances per school have increased from £76,663 in 2009-10 to £117,306 in 2013-14. These have increased by 4% from 2013-14 and by 53% since 2009-10.

6.12 This, according to the DfE's statistical data (above), the number of schools that remain in deficit has almost halved since 2009 from 1,968 schools to 1,027 schools and stands at a mere 5.58% of all schools as at 2013/14.

62 DfE, Expenditure by Local Authorities and Schools on Education, Children and Young People's Services: 2013-14

Figure 17

School revenue balances – 2006-2013



6.13 The school based surpluses are also significant when compared to the total revenue available to schools, as Table 16 below illustrates.

Table 16

Revenue Balance as Total of Revenue- England 2013-14

England 2013-14	Nursery schools **£000s**	Primary schools **£000s**	Secondary schools **£000s**	Special schools **£000s**	Pupil referral units **£000s**	Total **£000s**
Total Number of Schools	412	15,529	1,580	882	305	18,708
Total Funding	218,813	16,826,109	7,901,438	1,869,712	385,275	27,201,348
Total Revenue Balance	36,256	1,410,461	533,624	178,443	25,582	2,184,369
Average revenue balance (£ per school)	£88,001	£90,828	£337,737	£202,317	83,878	116,761
Revenue Balance as Total of Revenue	16.57%	8.38%	6.75%	9.54%	6.64%	8.03%

6.14 Government guidance suggests that school revenue balances should not exceed 5% of the current year's budget share for secondary schools, 8% for primary and special schools.

6.15 As can be seen from Table 16 above, the average revenue balances for primary, secondary schools and special schools are greater than Government guidance suggests.

6.16 It should be noted that the current resources for state-funded schools in general appears to be more than sufficient, as the in-year surpluses for academies and free schools show (Table 17). These are the latest figures available. The DfE currently does not provide information on the revenue balances held by academies and free schools. The NASUWT believes these reserves to be substantial.

Table 17

In-year surpluses for academies - 2013-14

Type of School	Income			Total Expenditure £000	In year surplus £000	In-year Surplus % of Income
	Total Grant Funding £000	Total Self-Generated Income £000	Total Income £000			
Stand-Alone Academies	£8,306,418	£429,003	£8,735,421	£8,666,219	£69,202	0.79%
Multi Academies Trusts	£4,940,837	£212,306	£5,153,143	£4,971,983	£181,160	3.52%

6.17 Although academies do not fall directly under the Review Body's remit the large majority of them still follow the provisions of the STPCD and the recommendations of the Review Body.

6.18 Overall, it is likely that more money is unspent in school budgets because of a number of factors, including:

- the introduction of pupil premium funding; and
- the allocation of an additional £390 million to 69 local authorities.

6.19 In September the DfE published the planned expenditure on schools, education and children's services by LAs in England for 2015-16. [63]

6.20 This showed that the LA planned spend on children's services is £52.1 billion for 2015-16, an increase of £1.2 billion from the 2014-15 planned spend, which represents a 2.36% increase. The total schools budget for 2015-16 is planned to increase by £1.46 billion to £41.0 billion from £39.6 billion, an increase of 3.54%. The planned spend per pupil is £4,408, up from £4,361 in 2014-15.

6.21 It is clear from the above figures that schools in England are able to afford a significant increase in teachers' pay.

Wales

6.22 The Welsh Government published the LA budgeted expenditure on schools for 2015-16 on 30 June 2015.[64.] This showed that gross schools expenditure is budgeted to be £2,496 million, which is, on a comparable basis, a decrease of 1.0% over the previous year. Gross schools expenditure per pupil is budgeted to be £5,526, a year-on-year decrease of 1.1%.

6.23 This is offset by the overall increase in school balances in Wales. The overall level of reserves held by schools in Wales was £64 million at 31 March 2015, the equivalent of £141 per pupil. This is an increase of 6.6% compared with the previous year. Reserves in primary schools accounted for £48 million or 76% of the total. The level of reserves as a percentage of delegated schools

[63] Planned expenditure on schools, education and children's services by local authorities in England, 2015-16 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/463218/SR33_text.pdf

[64] Welsh Government, Local authority budgeted expenditure on schools for 2015-16, 30 June 2015. http://gov.wales/statistics-and-research/local-authority-budgeted-expenditure-schools/?lang=en

expenditure was 2.9%, an increase of 0.1 percentage points over the previous year.

6.24 At 31 March 2015, 138 primary, 57 secondary, seven special, three nursery and one middle school in Wales had negative reserves totalling £14 million. The remaining 1,437 schools had positive reserves, 188 of which had reserves in excess of 10% of their total delegated expenditure.

Affordability at national level

6.25 In light of the teacher supply concerns, highlighted elsewhere in this submission, in relation to initial teacher training vacancies and the increasing challenges regarding the recruitment and retention of teachers, the NASUWT does not believe that the Government can afford to abdicate its responsibility to fund the national pay award for teachers.

6.26 While failing to fund the teachers' pay award in previous years, the DfE has funded several major projects which were either never budgeted for originally or have exceeded their original budget. These projects demonstrate that additional money can be found where investment is considered to be a priority. Investment in teachers should be a priority in the interests of all children and young people.

6.27 Whatever differences commentators and economists may have about the Government's economic strategy, there is common agreement that increasing investment is crucial for short-term economic recovery and long-term prosperity. Investment in education, in recruiting and retaining the best teachers, is a key factor in economic recovery and sustainability.

6.28 The NASUWT has never accepted the premise on which the Government imposed the pay freeze and pay cap on teachers and other public sector workers. Public sector pay restraint has never been about addressing the national deficit.

Efficiency

6.29 In considering issues related to the affordability of cost of living pay increases, it is important to consider the extent to which schools make effective and efficient use of their available resources on non-staff areas of expenditure. Currently, this amounts to between £9bn and £10bn of public spending per annum.[65] The NASUWT is clear that there is scope across many schools to improve their practice in this respect. It is unacceptable for teachers and school leaders to be denied cost of living pay increases as a consequence of avoidable inefficiencies in the deployment of resources.

6.30 The DfE's most recent report on efficiency in the school sector, *Improving Efficiency in Schools*, found that many schools' approaches to non-staffing expenditure were inadequate and could, with the adoption of best practice evident elsewhere, be addressed relatively straightforwardly.[66] The previous

[65] DfE (2012). *Improving Efficiency in Schools*. Available at: (https://www.gov.uk/.../improving_20efficiency_20in_20schools.pdf), accessed on 2.11.15.
[66] ibid.

Coalition Government's 2010 Comprehensive Spending Review identified that schools could make savings of as much as £1bn per annum through implementation of more effective approaches to procurement.

6.31 Of the total spend on schools in England, £2.1bn is allocated to premises-related expenditure, including buildings, maintenance, cleaning and caretaking. DfE analysis reveals significant variation in spending per pupil between schools in similar circumstances. While some of this variation can be explained by issues specific to individual settings, such as the age and condition of buildings, it is clear that such factors do not explain the full extent of the variation evident across the system. For example, a 1000 pupil secondary school in the upper decile for premises expenditure secondary schools outside London with more than 35% of pupils eligible for free school meals, could save £72,000 per year simply by bringing its expenditure down to the top of the third quartile of expenditure for such schools.[67]

6.32 The DfE's research also found scope for considerable saving across the system in respect of reprographic costs. On average, schools pay 0.008p per black-and-white print, double the average market price, while average costs for colour prints at 19.8p are almost four times the market average. This is often the result of poor purchasing decisions, notwithstanding the advice and guidance available to schools on securing better value in this area of expenditure.[68]

6.33 Similar cases of widespread over-expenditure have been identified in respect of energy costs and ICT equipment.[69]

6.34 The DfE's Review of efficiency in the schools system in June 2013 stated:

'all schools must do their part in securing value for money in public spending. That is why we have carried out this review of school efficiency, to support schools to learn from the best and drive even better outcomes from the money that they spend.'[70]

6.35 To this end, the DfE set out seven key characteristics of the most efficient schools:

- deploy the workforce effectively, with a focus on developing high quality teachers;
- make use of evidence to determine the right mix of teaching and education support staff;
- employ or have access to a skilled school business manager who takes on a leadership role;
- make good use of financial benchmarking information to inform the school's own spending decisions;
- make use of school clusters, sharing expertise, experience and data, as well as accessing economies of scale when making shared purchases;

[67] Ibid.
[68] DfE (2015). *Effective buying for your school.* Available at: (https://www.gov.uk/government/publications/advice-for-effective-buying-for-your-school), accessed on 2.11.15.
[69] DfE (2012). *op.cit.*
[70] DfE: Review of efficiency in the schools system; June 2013. https://www.gov.uk/government/publications/review-of-efficiency-in-the-schools-system

- manage down back office and running costs;
- have in place a strong governing body and leadership team that challenges the school's spending.

6.36 The DfE has provided schools with benchmarking data to allow schools to make comparisons with each other to attempt to realise efficiency gains and provided limited grants for school business manager start-ups. The DfE has constructed an efficiency website that contains webinars and other materials to assist schools. However, due to the Government's ideological focus on school autonomy it has taken no concrete steps to actually bring about the efficiencies in the system, other than to exhort schools to become more efficient.

6.37 Other Government Departments have been made proactive. The recommendations from the NHS Review include:

- in estates, develop a package of support to help providers improve their efficiency to at least the average of their peers, including the creation of a capital programme focused on energy and operational efficiency;
- in procurement, develop product specification and a single national electronic catalogue for products used in the delivery of healthcare;
- create national 'productivity collaboratives' around the four categories of workforce, hospital pharmacy and medicines optimisation, estates and procurement to identify and share best practice.

6.38 No similar actions have been identified by the DfE to develop a coordinated approach to efficiency savings in schools.

6.39 All sources of funding, including the Pupil Premium could and should be utilised more effectively and efficiently to support the school workforce as the key driver of quality in the education system.

6.40 In the context of the national system of education provision, which should guarantee entitlement for all learners, funding the national pay award should not be a matter for individual schools to determine.

SECTION 7: FURTHER CONSIDERATIONS FOR THE REVIEW BODY

7.1 In her remit letter the Secretary of State identified a number of other issues for consideration. These are addressed below.

To ensure that any recommendations are not difficult or onerous for schools to implement

7.2 The Secretary of State has asked the Review Body to ensure that any recommendations are not difficult or onerous for schools to implement.

7.3 Increased flexibility may lead to increased complexity with increased pay flexibilities, leading potentially to individualised rates of pay, being difficult, expensive and workload intensive for schools to implement.

7.4 The implementation of the 2015/16 pay award exemplifies this. The DfE's decision not to publish the 2013 and 2014 discretionary pay reference points (uprated as appropriate) in either the 2015 STPCD or in DfE pay advice led to a variety of organisations attempting to interpret the STPCD in a variety of ways, leading to widespread confusion in schools and local authorities.

7.5 When the NASUWT carried out its pay survey in November 2015, 57% of teachers in England confirmed that they had either not received the 1% pay award or even received confirmation that it would be paid. Given that the award is a statutory provision for a large number of teachers, this indicates the confusion and delay which increasing discretions and flexibilities have brought to the implementation of the teachers' annual pay award.

7.6 In cases where the pay award has been significantly delayed, difficulties with payroll processes have often been cited to schools as a reason for delay. The recommendation by the Review Body in its 25th Report that the DfE should cease to publish the pay reference points, which it published in 2013 and 2014, ran contrary to the desire of the overwhelming majority of schools, academies and multi-academy trusts, which had adopted, and wished to continue to adopt, pay reference points as the 'nationally defined' pay scale. In its submission to the Review Body's 25th remit, NEOST confirmed that headteachers and governors wished to maintain the pay reference points as pay scales.

7.7 As the Review Body noted in its 25th Report:

'NEOST said employers were almost unanimous in their view that conflating the cost of living award with performance-related progression was unhelpful, and sought a reversal of this provision. They wanted a cost of living increase, which would provide some underpinning protection for those teachers not receiving progression increases. Employers would not wish to make an award that was lower than those awarded to many other public sector workers. NEOST said individualised pay for teachers increased the possibility of equal pay claims and noted a cost to the increased complexity in the teacher pay system.' [71]

[71] STRB, 25th Report, paragraph 2.65.

7.8 The NASUWT believes that given the evident difficulties and adverse impact in the implementation of current flexibilities the Review Body should not be recommending any further flexibility. There is already evidence that schools will attempt to reduce any administrative burden arising out of pay flexibility by failing to make any pay award to teachers.

Adjustments to the pay and conditions framework

7.9 The NASUWT was concerned to see that reference to adjustments to the pay and conditions framework had been included in the remit for the 26th Report, given that the Review Body comprehensively reviewed these in its 23rd remit. The NASUWT sought confirmation from the DfE that the inclusion by the Secretary of State of potential adjustments to the pay and conditions framework to provide additional flexibilities for schools and incentives to reward performance is not a request for further consideration by the Review Body of the totality of the conditions of service framework.

7.10 The NASUWT has been advised by the DfE that there is no intention to reconsider the recommendations of the 23rd Report, which maintained the non-pay conditions framework.

7.11 The NASUWT is, however, waiting for written ministerial confirmation that the reference to the pay and conditions framework in the Review Body's remit is confined to pay flexibility matters and until that is received reserves the right to respond to any wider interpretation, should it be necessary to do so.

7.12 The NASUWT has, therefore, confined its comments in this submission to adjustments to the pay and conditions framework to that of pay conditions, with specific emphasis on flexibilities for schools and incentives to recognise performance.

7.13 The NASUWT has presented detailed evidence to support its concerns about the impact of the pay flexibilities introduced in 2013 and 2014 on teachers' and school leaders' pay. These concerns extend to the detrimental impact of pay flexibilities on teachers with protected characteristics, on workload, on educational standards and on teacher retention and recruitment. It is essential that no further flexibilities are added to the teachers' pay framework particularly as the 2013 and 2014 reforms have yet to be reviewed fully and comprehensively.

7.14 The NASUWT urges the Review Body to recommend a review, including the collection of robust equalities data.

7.15 A range of commentators have remarked on the failure of schools to monitor for equality.[72] Few, if any, schools are compliant with their statutory equalities duties under the Equality Act 2010 and there is a widespread absence in the system of enforcement of the equalities duty.

[72] Menter, I., Hextall, I. and Mahony, P. (2003) 'Rhetoric or Reality? Ethnic Monitoring in the Threshold Assessment of Teachers in England and Wales', in *Race Ethnicity and Education, Vol. 6, No. 4;* Ranger (1988) *Ethnic Minority School Teachers: A Survey in Eight Local Education Authorities,* London: Commission for Racial Equality; Ofsted (1999) *Raising the Attainment of Minority Ethnic Pupils: School and LEA Responses*, London: Ofsted; Basit, T.N. and McNamara, O. (2004) 'Equal opportunities or affirmative action? The induction of minority ethnic teachers', in *Journal of Education for Teaching*, Vol. 30, No. 2, pp. 97-115

7.16 Available school workforce data is unable to confirm precisely the number of teachers employed within schools taking account of protected characteristics under the Equality Act 2010.

7.17 A robust analysis of the characteristics of teachers employed on all existing pay points is long overdue.

Movement down from the Upper Pay Range to the Main Pay Range

7.18 The Secretary of State for Education has asked the Review Body to give consideration to a flexibility which would allow teachers to move down from the Upper Pay Range to the Main Pay Range.

7.19 The Review Body should not underestimate the profoundly devastating impact which the introduction of such an additional pay flexibility would have on teachers' pay and morale. Teachers achieve progression to the Upper Pay Range through a highly demanding performance management process.

7.20 Movement to the Upper Pay Range is a crucial feature of the teachers' pay and rewards system. It was introduced into the teachers' pay framework to reward teachers for remaining in the classroom.

7.21 It was, in fact, a recommendation from the Review Body that there should be higher rewards for classroom teachers which led to the Upper Pay Range being developed.

7.22 In its Ninth Report, the Review Body considered a series of underlying issues which formed the background to its considerations. These were:

- workload;
- continuing shortfalls in teacher supply;
- the management of change.

7.23 One of the main recommendations of the Review Body was for establishment of the Upper Pay Range (at that time pay spine). The Review Body reported:

'We support the concept of the upper pay range and the prospect this will give for points to be awarded for substantial and sustained performance and contribution to school as a teacher. In our view the threshold uplift should be a consolidated addition to pay and transferable if the teacher moves to another school.'

7.24 The Review Body drew an important distinction between being rewarded for the practice of teaching and being rewarded as a manager and identified the clear need for the Upper Pay Range to be added to the teachers' pay structure to provide for the former.

7.25 The criteria in the STPCD ensure that progression to the Upper Pay Range is linked to pedagody and thereby are linked with raising and maintaining educational standards.

7.26 The underlying issues which confronted the Review Body when discharging its ninth remit bear comparison with those today.

7.27 The NASUWT recognises that there are those who seek to present the Upper Pay Range as if it is a different post to that of a classroom teacher on the main pay range, as though movement to the Upper Pay Range is equivalent to a teacher acquiring a TLR payment. Paragraph 15 of the STPCD makes clear that there is no requirement for a teacher who has achieved Upper Pay Range progression to carry out management or TLR duties. This provision supports standards of teaching and learning and was outlined to schools in the DfE's March 2015 pay advice:

'Schools should take care to ensure that, where appropriate, teachers are properly remunerated when they carry out duties which warrant the awarding of a Teaching and Learning Responsibility (TLR) or payment on the leadership or leading practitioner pay ranges…

Schools should try to avoid confusing or conflating the criterion and factors for the award of TLR payments with the criteria for movement to the UPR both within the context of objective-setting and when making pay decisions.' [73]

7.28 Teachers cannot therefore 'step down' from an Upper Pay Range post, no more than they can 'step down' from the skills and competencies which led them to be awarded progression to, or up, the Upper Pay Range. They remain teachers.

7.29 In addition, the Review Body should consider the impact of stepping down in the following context. Approximately half of teachers benefit from protection against the Government's detrimental pension reforms, either through full or tapering protection. This protection ensures that teachers who are within seven years of their NPA on 1 April 2015 are protected fully against the reforms, meaning that they remain in their final salary pension scheme until their normal pension age. Teachers who are between ten years six months and seven years from their pension age on 1 April 2015 receive tapering protection against the reforms, meaning in practice that they remain in their final salary TPS until a date between 1 April 2015 and their normal pension age. All teachers who began teaching before 1 April 2015 will have some service in the final salary TPS which is subject to the accrued rights guarantee.

7.30 The nature of the protections against TPS reform means that teachers with final salary service are locked into the final salary scheme, unless they leave pensionable service for more than five years. There is a detriment to teachers in the reformed career average revalued earnings (CARE) scheme arising from cuts in salary, as pensionable service during the whole of a teacher's career accrues towards their pension. However, in respect of a teacher's final salary pension, any reduction in salary towards, or at, the end of their career could have a potentially devastating impact on their final salary pension benefits, which is far greater than the detriment to the CARE pension.

7.31 Apart from the manifest unfairness of the reduction in pension benefits which could be brought about by pay regression, the NASUWT considers this to be a breach of the accrued rights guarantee given by the Coalition Government

[73] HR practice in relation to teachers' pay, DfE March 2015

into the reformed TPS which mean there should be no change to the means by which past pension contributions accrue future benefits.

7.32 Any application of pay regression flexibilities will simply act as a further driver for teachers to leave the profession as early as possible to protect the final salary element of their pension and will exacerbate the teacher retention crisis.

7.33 The NASUWT is also deeply concerned about the potential discriminatory impact of pay regression flexibilities. The NASUWT engages with thousands of teachers every year through its conferences, seminars and briefings. In many schools, payment on the Upper Pay Range will be focused on older more experienced teachers. The potential for age discrimination is clear.

7.34 The Review Body should reject any notion of pay flexibility which allows teachers to be moved down a pay range. The culture and climate in too many schools as evidenced in this submission means that there will never be any genuine voluntary movement.

7.35 The DfE is currently undertaking a review into Teachers Working Longer.

7.36 The core agreed objectives of the Review are to:

- explore the health and deployment implications of teachers working longer;
- consider possible options to mitigate these implications where necessary;
- make recommendations to the Secretary of State; and
- provide evidence that can be used by stakeholders to contribute to any Government reviews of the State Pension Age (SPA) and the link between NPA and SPA in public sector schemes.

7.37 The DfE research is grouped into two strands, the evidence of the impact of working longer (including medical evidence) and employment practices associated with working longer. Whilst the interim outcomes of the Review cannot be made public at this stage on the basis of emerging findings, the NASUWT strongly advocates that the Review Body does not recommend the introduction of further pay flexibilities which may detrimentally impact on older teachers.

Non-consolidated payments

7.38 In its 23rd remit, the Review Body considered the system of allowances (including the use of non-consolidated payments). The NASUWT asked the Review Body to reject the use of non-consolidated performance payments because it would reduce the effectiveness of the pay system to provide a defined career path for teachers and could lead to pay scales becoming complex and opaque.

7.39 The NASUWT drew attention to the pay flexibilities which already exist within the teachers' pay system to reward teachers for a range of duties additional to those of a classroom teacher. The Union also opposed any change which would lead to a 'bonus culture', which militates against teacher collaboration and team working.

7.40 The Review Body accepted this and made the following recommendation in its 23rd Report:

'Teaching and Learning Responsibility payments (TLRs) are by far the most commonly used allowances and work well as the basis for rewarding heads of department and similar roles at middle management level. We recommend retaining the system of TLRs to reward these responsibilities, which are an important stepping stone to school leadership.' [74]

7.41 The Review Body's 23rd Report also concluded:

'Our view is that the TLR framework remains appropriate for rewarding vital middle manager roles, consistent with the priorities we set out in our 21st Report. In particular it retains the distinction between middle management and whole school roles which are appropriate to the leadership scale;

it distinguishes between rewards for additional responsibilities and those for performance (paid through progression on a scale); and

it gives schools discretion to structure their responsibility payments to meet their particular needs.' [75]

7.42 It is of concern that, so shortly after the Review Body's 23rd Report, a remit has been set again to consider whether to introduce non-consolidated payments into the teachers' pay system. The NASUWT does not believe that circumstances have changed since the 23rd Report to merit further consideration.

7.43 There are two types of non-consolidated payment, lump sum or fixed term payments which are not consolidated into salary on a permanent basis but are pensionable and lump sum or fixed-term payments which are not pensionable.

7.44 The TLR3, which was introduced into the pay system in 2013, is a non-consolidated payment which is pensionable. The evidence supports the view that this form of non-consolidated payment is becoming more widespread within the pay framework and is being used to replace TLR1 and TLR2 payments as these are diminishing.

7.45 According to evidence from the DfE School Workforce Census, between 2011 and 2014 the proportion of teachers paid a TLR1 has decreased by almost half (49%) from 6.4% to 3.3% and the proportion of teachers paid a TLR2 has decreased by 43% from 19.9% to 11.4%.

7.46 In 2014, 15.1% of teachers received a TLR3 payment. A TLR3 payment is a one-off, fixed-term payment for a specific task within a school. The highest value TLR3 payment is less than the lowest value TLR2 payment and can be

[74] STRB's 23rd Report, Executive Summary
[75] Ibid, paragraph 3.29.

as little as £517. The NASUWT believes that it should be a matter of concern that there is evidence that a coherent whole career rewards system for teachers is being replaced by a system of ad hoc payments with a far lower range of potential pay values. The Review Body introduced TLR1 and TLR2 payments for raising and maintaining educational standards through leading teaching and learning. It should, therefore, be of deep concern that use of TLR1 and TLR2 payments in school pay structures is diminishing.

7.47 The NASUWT urges rejection of the option for non-consolidated, non-pensionable payments. Such payments are not the basis for a fair and effective system of rewards for leading teaching and learning.

Salary Sacrifice arrangements

7.48 The Secretary of State has asked the Review Body to comment on the extent to which the existing salary sacrifice arrangements should be extended to provide scope for a salary advice scheme for rental deposits. There is no rationale offered for the inclusion of this Scheme.

7.49 The NASUWT considers that there are two key issues to consider:

- the extent to which salary sacrifice arrangements remain appropriate within the teachers' pay structure; and
- the suitability of salary sacrifice arrangements as a response to the difficulties which many teachers experience in obtaining suitable housing.

7.50 The NASUWT is content with the retention of paragraph 29 of the STPCD, which provides for salary sacrifice arrangements.

7.51 In considering further salary sacrifice arrangements, the Review Body should consider the issue of pension contributions under approved and non-approved salary sacrifice arrangements:

- for an approved salary sacrifice scheme, pension contributions continue to be paid on the full gross pensionable salary before the salary sacrifice is applied; and
- for unapproved salary sacrifice schemes, the pensionable salary is calculated after the application of the salary sacrifice and it is the reduced salary which is used when determining contributions.

7.52 It is essential for salary sacrifice schemes in the STPCD to continue to have pension contributions paid on the full gross pensionable salary before the salary sacrifice is applied.

7.53 With regard to a salary sacrifice scheme related to rental deposits, there are a number of issues to be considered:

- approved salary sacrifice schemes, for example for childcare vouchers or for a cycle for work, arise as a result of agreements between employers and approved providers or suppliers. It is difficult to see how this would operate within the private rental market;
- in cases of childcare vouchers and cycle for work schemes, a teacher receives a benefit in kind through a salary sacrifice scheme. In the case of a rental deposit scheme, the teacher will receive cash for a deposit which

should be returned to them when they leave the rental property. The position of tax relief on the returned deposit is unclear.

7.54 The mechanics of how the scheme would operate are unclear.

7.55 Teachers, of course, are not immune from the effects of the national housing crisis. They face significantly increased housing costs across England and Wales, with implications for their standard of living and the levels of disposable income.

7.56 Research published by KPMG and the housing charity Shelter confirms that the average gross annual salary required in 2014 to purchase a property regarded as suitable for a first-time buyer is over £40,000 across the UK.[76] This now exceeds the average salary for a teacher in England of £34,500.

7.57 The cost of buying a house is creating pressures on teachers to seek accommodation in the private rental market, as teachers are not normally eligible for social housing. According to the Resolution Foundation, housing cost challenges arise when these costs exceed a third of a householder's net disposable income.[77] In 2014, average rental costs for a two-bedroomed property in England were £677 per month, only slightly below teachers' average monthly disposable salary after tax, National Insurance and pension deductions of £682.[78]

7.58 As key workers, teachers have historically, in a number of areas, been able to access supported rental or house purchase programmes. However, the ability of teachers to access such programmes has diminished and schemes based on a shared ownership model have had very low conversion to full ownership rates, trapping teachers in relatively unmarketable homes, reducing their geographical mobility or ability to move to larger housing if their family circumstances change.[79]

7.59 The Government's Help to Buy programme has also had a limited impact on the affordability of housing for teachers. Research by Shelter confirms that eight in ten of households earning between £20,000 and £40,000 per year are not able to purchase a home using a Help to Buy mortgage. Critically, the mortgage indemnity element of the scheme serves simply to make housing more unaffordable for teachers, as its principle effect is to increase the size of the mortgages teachers are required to obtain.

[76] Kollewe, J. (2015). 'First-time buyers need £77,000 a year to live in London'. *The Guardian* (4 May). (//www.theguardian.com/business/2015/may/04/first-time-buyers-need-to-earn-77000-a-year-to-live-in-london), accessed on 2.11.15.

[77] Gardiner, L. and Alakeson, V. (2014). *The home stretch: coping with high housing costs.* Available at: (www.resolutionfoundation.org/publications/the-home-stretch-coping-with-high-housing-costs/), accessed on 2.11.15.

[78] Shelter (2015). 'The cost of housing.' Avaliable at: (http://england.shelter.org.uk/campaigns/why_we_campaign/housing_facts_and_figures/subsection/?section=the_cost_of_housing#hf_3), accessed on 2.11.15.

[79] Shelter (2013). *Homes for forgotten families: Towards a mainstream shared ownership market.* Available at (http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/homes_for_forgotten_families_towards_a_mainstream_shared_ownership_market), accessed on 2.11.15.

7.60 The shared equity element of Help to Buy, through which 20% of the cost of a home is covered, is insufficient in scale to have any meaningful impact on housing affordability for teachers.[80]

7.61 The housing crisis across England and Wales, which has such an adverse impact for many teachers, will not be solved by permitting one element of housing costs to be met through a salary sacrifice arrangement. The housing crisis for teachers can only be solved by resolving the housing crisis generally. However, the restoration of key workers' housing provision for teachers and other key public service workers would make a significant different and support recruitment of teachers.

7.62 The housing problems for teachers are illustrated by the case study below from a young teacher in Hertfordshire.

NASUWT Case Study: My hunt for housing!

In 2012, I moved back into my parents' house. My plan was to save a deposit so I could buy a flat for myself in Hertfordshire near to my family and my new job. I looked at rental, but discovered that mortgage repayments would be considerably less than monthly rent charges.

By 2014, I had managed to save (what I considered to be) a substantial amount, so I started looking at my options. It became apparent that a one or two bedroom flat in Hertfordshire would cost between £120,000 and £160,000. I visited a mortgage advisor who told me that I would need to save double what I already had accumulated before it was even worth looking. He also advised that on my teachers' salary, I would be able to get a maximum of £150,000 mortgage.

I looked at rent-to-buy options, but quickly discovered that these were a complete rip-off! On top of the mortgage payments and rent payments were also extortionate service charges and buildings ground rent. For a one or two bedroom flat I'd be looking at paying around £1,400 a month!

By mid-2015, I had managed to meet my savings target. I started looking at flats, and was shocked to discover than properties had risen averagely by £30,000. This meant that my dream of a two bedroom flat flew out of the window! Estate agents laughed at me when I said £150,000 was my absolute maximum. They showed me bedsits, where you could barely fit a double bed, and flats that were in uninhabitable condition.

Properties would come on the market and be snapped up on the same day. I contacted developers of buildings that had not even been completed yet, only to be told that they had already sold all of the unbuilt apartments! It is terribly frustrating that wealthy people are buying up basic apartments, and renting at a premium. Property has become an investment, but I don't want an investment…I just want a place to live.

[80] *ibid.*

I finally found a small ex-council flat, which although not perfect, at least was within budget. I visited the agency's mortgage adviser, who informed me that I would not be able to get a mortgage for the amount I was previously quoted. Along with higher pension contributions, and the student loan now being taken into account, banks were not willing to offer me what was quoted just 6 months ago. These factors made a difference of approximately £40,000 on what banks were willing to lend. Also, they would not consider my SEN allowance payment as a secure part of my salary.

As you can imagine, I was absolutely devastated! Property prices were rising by the minute and my chances of getting a mortgage were getting harder by the second. I discovered that there was also a reluctance of banks to lend to single females.

Thankfully, my family clubbed together and topped up my savings. By this point, I had lost the property in Stevenage. However, I did manage to find a one bedroom flat in Letchworth within budget. So I put in an offer and it was accepted. I went to see a different mortgage broker, who was far more supportive and helpful. He advised me of the best possible options and supported me in choosing a lender.

You may be wondering why I used a mortgage broker, which obviously incurs a charge. Well, most banks will no longer offer mortgages to individuals and they require you to go through a broker. I was also struck with a charge of £499 on Stamp Duty…for just a one bedroom ex council flat. The other shocking charges were those I had to pay to my solicitor. All of these charges amounted to over £2,000!

Eight weeks later, despite neither party having a chain, we have still not exchanged contracts. Being leasehold, we still await information from the landlord (district council). I cannot believe I'm spending £149,995 on a flat that isn't even fully owned by me! I will still have to pay ground rent and service charges, as well as additional maintenance charges on top of my mortgage repayments.

I'm really excited about finally having my own little flat. However, the excitement is dulled by a few points. Firstly, it will take me over an hour to drive to work, and this was the nearest property available within my budget. Also, it's only a small one bedroom, which means that I will not have a suitable working space. I really wanted a two bedroom property so I could have an office space for my lesson planning. Finally, as the landlord is the district council, I will need to gain planning permission for even basic maintenance on the property.

7.63 For this teacher, renting is not a realistic solution to her housing problems. The rental market is not an equivalent market across England and Wales. In many areas, suitable properties for rent are not available within a teacher's income.

The Education Workforce Council Fee in Wales

7.64 The Secretary of State for Education has asked the Review Body to consider what changes to the STPCD may be appropriate following the introduction of new registration fee arrangements to finance the Education Workforce Council in Wales (ECW).

7.65 The fee that teachers in Wales will have to pay in 2016 for the ECW will increase from £33 to £78. In a survey of teachers in Wales carried out by the NASUWT in November 2015, 88% of teachers indicated that they wished the cost of the whole fee to be added to their pay award.

7.66 The NASUWT believes that the fee for regulatory or registration bodies where registration is a condition of service for teachers, should always be funded fully.

7.67 The NASUWT urges the Review Body to recommend that the £78 fee is added to the pay award for teachers in Wales. As an absolute minimum the £33 provision currently in the STPCD must be maintained.

November 2015