



School Teachers' Review Body

Seventeenth Report Part One – 2008

Chair: Bill Cockburn, CBE TD

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Presented to Parliament by the Prime Minister and the
Secretary of State for Children, Schools and Families
by Command of Her Majesty
January 2008

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TERMS AND ABBREVIATIONS

<i>Consultees</i>	Organisations invited to make representations and provide evidence to STRB
ASCL	Association of School and College Leaders
ATL	Association of Teachers and Lecturers
BATOD	British Association of Teachers of the Deaf
DCSF/the Department	Department for Children, Schools and Families (formerly Department for Education and Skills or DfES)
GW	Governors Wales
NAHT	National Association of Head Teachers
NASUWT	National Association of Schoolmasters Union of Women Teachers
NCSL	National College for School Leadership
NEOST	National Employers' Organisation for School Teachers
NGA	National Governors' Association (formerly National Association of School Governors and National Governors' Council)
NUT	National Union of Teachers
PAT	Professional Association of Teachers
RIG	Rewards and Incentives Group (comprising ASCL, ATL, DCSF, NAHT, NASUWT, NEOST and PAT)
Secretary of State	Secretary of State for Children, Schools and Families
TDA	Training and Development Agency for Schools
UCAC	Undeb Cenedlaethol Athrawon Cymru (National Association of the Teachers of Wales)
 <i>Other</i>	
AST	Advanced Skills Teacher
CPI	Consumer Price Index
CSR	Comprehensive Spending Review for the period from April 2008 to March 2011
Current pay award	Teachers' pay award for the period from September 2006 to August 2008
DEL	Departmental Expenditure Limit
DSG	Dedicated Schools Grant
Estyn	Her Majesty's Inspectorate for Education and Training in Wales
ETS	Excellent Teacher Scheme
FTE	Full-time equivalent

Golden hello	Non-consolidated payments for qualified secondary teachers of priority subjects on completion of induction ¹
ITT	Initial teacher training
Local employers	Relevant bodies as defined by Part 1 of the STPCD
MA	Management Allowance
MFG	Minimum funding guarantee per pupil for schools
National Agreement	DfES (2003) <i>Raising Standards and Tackling Workload: a National Agreement</i>
NPQH	National Professional Qualification for Headship
Ofsted	Office for Standards in Education, Children's Services and Skills
OME	Office of Manpower Economics
PGCE	Postgraduate Certificate in Education
PPA time	Planning, Preparation and Assessment time, provided for in the STPCD
QTS	Qualified Teacher Status
RPI	Retail Price Index
Schools and services	Schools and local authority education services in which the STPCD applies
SEN	Special educational needs
STPCD	DCSF (2007) <i>School Teachers' Pay and Conditions Document 2007 and Guidance on School Teachers' Pay and Conditions</i> , TSO
STRB/ Review Body	School Teachers' Review Body
TLR payment	Teaching and Learning Responsibility payment
UPS	Upper pay scale

¹ Information on golden hello payments and priority subjects is available from TDA: <<http://www.tda.gov.uk/Recruit/thetrainingprocess/fundinginengland/goldenhellos.aspx>>. In Wales, the payments are slightly different and are known as teaching grants: <<http://www.tda.gov.uk/Recruit/thetrainingprocess/fundinginwales.aspx#teaching>>

Contents

	<i>Page</i>
The School Teachers' Review Body	vi
Recommendations	viii
<i>Chapter:</i>	
1. Introduction	1
2. Teachers' Pay: Consultees' Analysis	5
3. Teachers' Pay: Our Analysis	24
4. Teachers' Pay in the Current Period	49
5. Teachers' Pay from September 2008	55
6. Starting Salaries and the Four Pay Bands	66
Starting salaries	66
Four pay bands	71
7. Further Pay Matters	83
Leadership group	84
Excellent Teachers	94
Advanced Skills Teachers	96
TLR payments	96
SEN allowances	100
Recommendations	102
8. "Unqualified" Teachers	103
9. Forward Look	117
<i>Appendix:</i>	
A. Remit and Directions from the Secretary of State and Letters about Teachers' Pay for 2006 to 2008	118
B. Conduct of the Review	127
C. Current and Recommended Pay Levels	131
D. Update on the Department's Response to Previous STRB Recommendations	145

THE SCHOOL TEACHERS' REVIEW BODY

Our role

The School Teachers' Review Body (STRB) was established in 1991 as an independent body to examine and report on such matters relating to the statutory conditions of employment of school teachers in England and Wales as may from time to time be referred to it by the Secretary of State. STRB reports to the Prime Minister and the Secretary of State. The legal foundation for the function and work of STRB is Part Eight of the Education Act 2002. The secretariat for STRB is provided by the Office of Manpower Economics (OME).

The members of STRB are:

Bill Cockburn, CBE TD (Chair)

Jennifer Board

Monojit Chatterji

Mark Goodridge

Dewi Jones

Elizabeth Kidd

Esmond Lindop

Bruce Warman

Anne Watts

Our vision and principles for teachers' pay and conditions

Through our work on teachers' pay and conditions, we seek to contribute to the achievement of high standards in schools and services and excellent outcomes for pupils throughout England and Wales. We have developed a vision in pursuit of this goal, which we review and amend from time to time.

We envisage a world-class teaching profession which:

- attracts excellent graduates;
- is diverse and representative;
- retains highly motivated and committed teachers;
- is fairly rewarded;
- provides equal opportunities;
- is efficient, effective and accountable;
- is encouraged, supported and trained; and
- is trusted, respected and valued.

We envisage that teachers will work in schools and services where:

- leaders are able to make decisions without detailed rules and guidance;
- governors, heads and teachers are comfortable with the concept of rewards related to performance;

- governors, heads and teachers are comfortable with the concept of rewards related to performance;
- high quality performance management and professional development are available to all teachers to help them to improve standards;
- schools and services have the confidence and capability to assess performance and reward staff; and
- performance and reward systems are managed effectively, transparently and fairly.

The national framework of teachers' pay and conditions, laid down in the STPCD, should help to achieve this vision; be underpinned by clearly stated objectives; form part of an effective, coherent HR strategy; embody the principles of good regulation, and help to minimise administrative burdens on schools and services. It should also be:

- accessible and understandable for teachers and their employers;
- proportionate – setting national rules, parameters and giving guidance only when essential; and
- enabling – providing workable arrangements and useful management tools, and significant scope and encouragement for local discretion.

Our values and ways of working

- We embrace the Seven Principles of Public Life;
- we act independently, professionally and fair-mindedly;
- we work as a team with trust, openness and frankness;
- we work to maintain good relations with and among all our consultees;
- we give full consideration to the national interest and the interests of the teaching profession; and
- we strive for continuous improvement in our working practices and judgements.

To maximise our effectiveness and value, and ensure that our work is of the highest achievable quality, we will:

- report on time and with robust analysis and conclusions;
- consult appropriate parties, consider and give due respect to our consultees' representations and examine the evidence they provide and highlight;
- identify and consider relevant statistical, economic and research evidence, including where necessary, seeking external information;
- look to OME for analytical, policy, drafting and administrative support;
- keep in touch with schools and services on the ground;
- meet to identify, analyse, discuss and advise on issues fundamental to our role;
- not only react to remit matters, but be proactive as we judge appropriate in support of our vision; and
- be accessible to those who might wish to consult us either publicly or privately, while safeguarding our independence.

RECOMMENDATIONS

Teachers' Pay from September 2008 (Chapter 5)

We recommend:

- an increase of 2.45% from September 2008 in the values of the main pay scale and upper pay scale for qualified teachers;
- that we undertake a review of teachers' pay for the period from September 2009 and submit a report by June 2009;
- contingent upon our undertaking a review on this basis, further indicative increases of 2.3% from September 2009 and 2.3% in September 2010 in the values of the pay scales.

Starting Salaries and the Four Pay Bands (Chapter 6)

We recommend that:

- the Department, in consultation with interested parties, review the current structure of the four pay bands to ensure that they effectively help those areas facing the most significant local labour market challenges, having particular regard to the following matters:
 - what the basic constituent units (areas) included in the four pay bands should be;
 - whether the existing basis of geographical boundaries for the inclusion of areas in different pay bands is effective or whether there should be different criteria;
 - whether there are any areas currently in bands B, C or D that should be in a higher band; or in bands A, B or C that should be in a lower band;
 - what the process should be for determining which areas are included in each pay band; and for moving areas from one pay band to another when appropriate;
- the conclusions of this work be referred to this Review Body for consideration and recommendation, in time for any consequent changes to the pay system to be taken account of in revised school funding arrangements in England from April 2011.

We recommend:

- a minimum starting salary (M1) of £25,000 for teachers in band A and £24,000 for teachers in band B and consequential adjustments to the main pay scale in these pay bands from September 2008;
- enhancement in the value of the upper pay scale in bands A and B from September 2008; and
- subject to our review of teachers' pay;
 - an indicative minimum starting salary (M1) for teachers in band A of £26,000 from September 2009 and £27,000 from September 2010 and consequential amendments to the main pay scale in band A;
 - further enhancement in the value of the upper pay scale in band A in 2009 and 2010.

Further Pay Matters (Chapter 7)

We recommend:

- an increase of 2.45% from September 2008 in the values of:
 - the leadership group pay spine;
 - the pay spine for Advanced Skills Teachers
 - individual Excellent Teachers' spot salaries and spot salaries for ETS posts included in staffing structures before 1 September 2008 but not yet in payment;
 - SEN allowances;
 - the minimum and maximum of the two TLR ranges, individual teachers' TLR payments and TLR payments included in staffing structures before 1 September 2008 but not yet in payment;
- an ETS salary range from September 2008 of £37,672 to £48,437 in bands B to D, extending additionally to £53,819 in band A; and
- subject to our review of teachers' pay, further indicative increases of 2.3% from September 2009 and 2.3% in September 2010 in the values of the above pay spines, spot salaries, allowances, payments and range minima and maxima.

Detailed pay scales, spines and values for additional payments are in Appendix C.

“Unqualified” (Associate) Teachers (Chapter 8)

We recommend that from September 2008:

- the pay scale for unqualified teachers become a ten-point pay spine, ranging from £15,113 to £23,903 in band D, £16,106 to £24,893 in band C, £17,953 to £26,746 in band B and £19,007 to £27,794 in band A, with points on the spine evenly spaced in value in percentage terms. Full details are in Appendix C;
- when appointing associate teachers, including when teachers move from another school or service, individual schools and services select an individual pay scale of five consecutive points on the pay spine for each associate teacher and decide on a point within that scale on which the teacher should be paid;
- schools and services have flexibility to select a smaller number of points where they deem it appropriate for an individual pay scale to start at points 7 to 9 of the spine; and a spot salary where they deem it appropriate for the teacher to be paid at point 10;
- in selecting individual pay scales, schools have regard to the teacher’s qualifications, skills and experience that they consider to be of value in the performance of the teacher’s duties;
- arrangements for pay progression for associate teachers within their individual pay scales be consistent with those for pay progression of qualified teachers on the main pay scale;
- teachers receive pay progression on this basis until they reach the top of their individual scale within the spine;
- arrangements for the allowance for these teachers remain as currently specified in the STPCD¹, with guidance making clear that the allowance should not be used in response to recruitment and retention considerations;
- once determined, associate teachers’ basic salaries and allowances may be reviewed if the school or service deems this appropriate, either on an individual basis or as part of a wider review of salaries.

We recommend:

- subject to our review of teachers’ pay, further indicative increases of 2.3% from September 2009 and 2.3% in September 2010 in the values of the associate teachers’ pay spine.

¹ DCSF (2007) *School Teachers’ Pay and Conditions Document 2007 and Guidance on School Teachers’ Pay and Conditions*, Section 2, paragraph 39

CHAPTER 1

Introduction

1.1 On 29 March 2007, the Secretary of State asked us to consider a range of matters relating to teachers' pay and conditions. We were asked to report on some of the matters in October 2007 and the remaining matters in March 2008. Our Seventeenth Report will therefore be in two parts, of which this is the first. Our remit is reproduced in Appendix A.

1.2 In this introduction, we reflect on the Secretary of State's response to our most recent recommendations and the background to our current remit; highlight some challenges that we have faced and aspects of evidence where there is scope for improvement; and outline the structure of this report.

Secretary of State's response to our recent recommendations

1.3 We last reported on teachers' pay in our Fifteenth Report. We recommended a two-year pay award, with an increase of 2.5% from September 2006 and a further increase of 2.5% from September 2007 in the values of teachers' pay scales. Integral to the pay award was a review mechanism with a trigger based on a particular measure of inflation¹. This specified circumstances in which any of our consultees could ask us to consider the case for seeking a remit from the Secretary of State to review teachers' pay². The Secretary of State accepted these recommendations and teachers have received the recommended pay award³. Throughout this report we refer to this as the "current pay award".

1.4 Our Sixteenth Report considered a range of pay design matters. We recommended that the Department undertake a programme of action to secure a significant increase in the use of existing pay flexibilities to address local teacher shortages in priority subjects⁴. We welcome the Secretary of State's acceptance of our recommendation and hope that the Department will take early, effective action in this vital area.

1.5 We also recommended that all progression on incremental pay scales follow a performance review and a decision that the individual teacher's performance had satisfied an explicit criterion of satisfactory performance for pay progression in the STPCD. This would require, in particular, amendments to the pay progression arrangements for teachers on the main pay scale and "unqualified" teachers⁵. The Department has not yet implemented our

¹ STRB (2005) *Fifteenth Report*, TSO (Cm 6663), paragraphs 2.37-2.57 and 3.45-3.69

² Ibid. paragraph 3.69

³ House of Commons Debates (2004-05) 440, written answers col.951W

⁴ STRB (2006) *Sixteenth Report*, TSO (Cm 7007), paragraph 2.51; House of Commons Debates (2006-07) 456, written answers col.30WS

⁵ Ibid. paragraph 6.39; DCSF (2007) *School Teachers' Pay and Conditions Document 2007 and Guidance on School Teachers' Pay and Conditions*, Section 2, paragraphs 18 and 38

recommended changes. The rationale for our recommendations was that they would introduce a common framework for pay progression for all teachers from the start of their teaching career, reinforce the importance of rigorous performance management in driving up standards, support effective use of existing pay flexibilities and reward and help to retain good teachers. It remains our view that our recommended changes are necessary for the effectiveness of the pay system and to benefit teachers and pupils.

1.6 The Secretary of State has decided to limit local flexibility in the determination and review of spot salaries for Excellent Teachers⁶. Local flexibility is a key part of the ETS spot salary arrangements, and there are already similar discretions elsewhere in the pay system. The arrangements to be implemented in place of our recommended approach could make it more difficult for managers to take account of all appropriate factors and take robust, transparent decisions.

1.7 In other areas, such as the leadership group and SEN allowances, our work is ongoing. We are grateful to the Department for updating us on relevant developments, and look forward to returning to these matters in the near future. Appendix D summarises our recommendations, the Secretary of State's initial response and relevant actions by the Department.

Background to our remit

1.8 Shortly after we received our remit from the Secretary of State, the review mechanism for the current pay award was triggered, since the percentage increase in the average value of the monthly RPI between the twelve months ending in March 2006 and the twelve months ending in March 2007 was 3.7%, which was materially above the upper threshold of the review mechanism⁷. We received representations from NUT and joint representations from ASCL, ATL and NASUWT asking us to seek a remit to review teachers' pay.

1.9 In accordance with the process that our Fifteenth Report had outlined, the STRB Chair wrote to the Secretary of State on 18 April 2007 to seek a remit to undertake a review of teachers' pay for the period between September 2006 and August 2008. The Secretary of State responded on 5 June. He asked us to:

consider these concerns [that had led to our request] – alongside other evidence about retention and recruitment and the impacts on budgets – when making recommendations for the next pay award.

⁶ Op.cit. House of Commons Debates (2006-07) 456, col.30WS.

⁷ The review mechanism was based on the RPI all items index rounded to one decimal place, based on January 1987 = 100 (CHAW). OME first calculated an arithmetic average of the 12 monthly CHAW indices from April 2005 to March 2006 and rounded this to one decimal place (with the result called Y0). Then, the arithmetic average of 12 monthly CHAW indices from April 2006 to March 2007 was calculated and rounded to one decimal place (with the result called Y1). The annual inflation rate for the purposes of the review mechanism was then the percentage change from Y0 to Y1, again rounded to one decimal place. The review mechanism specified that if this percentage was below 1.75% or above 3.25%, any of the consultees could ask STRB to consider the case for seeking a remit from the Secretary of State to review teachers' pay.

The Secretary of State explained that:

I will not be giving you a separate remit to review the current settlement [the pay award for the period between September 2006 and August 2008]. It is this new remit [of 29 March] that should be used to address concerns over the levels of inflation over the current pay award period.

1.10 The exchange of letters between the STRB Chair and the Secretary of State is reproduced in Appendix A. Our consideration of matters arising from these developments is in Chapters 3 to 5.

Conduct of our review and evidence issues

1.11 We find ourselves in an unprecedented position in undertaking the present review. Our reference period extends over five years, from September 2006 to August 2011, nearly four years in the future. This has presented challenges for the conduct of our work and our evidence base.

1.12 The coming chapters and Appendix B describe how we have conducted our review of teachers' pay. We are grateful to our consultees for their evidence, analysis and representations on the matters before us: this is vital to our work. We would also like to thank the schools, local authorities and education organisations that we visited in 2007.

1.13 In some key areas, there is scope for improvement in the quality and timeliness of evidence and analysis, in particular from the Department and the Welsh Assembly Government. These issues are pertinent given the long reference period for our report, noted above.

1.14 The most important issue relates to affordability matters. The affordability of our recommendations is an entirely proper consideration and in the course of our work on this review we put considerable effort into making clear what information we required to be able to pursue this consideration in a thorough, evidence-based way. But for the period for which our recommendations will apply, neither the Department nor the Welsh Assembly Government provided us with information on critical areas such as the levels of revenue funding for schools or anticipated cost pressures. Transparency requires more than Government assertions on affordability: timely, relevant and sufficiently detailed information must be available so all participants in the process can consider, probe and challenge.

1.15 The Department and the Welsh Assembly Government have explained that the Comprehensive Spending Review (CSR) was not finalised until the end of our process. We note this, but must observe that it was foreseeable when the timetable for our report was set, and is likely to arise again if the Government seeks future multi-year awards with a reporting deadline like the present one. There are tensions between an early timetable for our reports and the need for more satisfactory evidence, in particular on affordability. We would find it helpful to discuss with the Department how these might be resolved in future reviews.

1.16 The other key issues concerning evidence are:

- statistical data on teachers' current earnings and past growth in earnings. At present, the Department's data are not up to date;
- equality-monitoring data on teachers' earnings and the pay system. At present, national data enable monitoring by gender and, to a degree, age, but other data, for example in relation to ethnicity and disability, are limited or not available at all;
- strategic information about the Department's teachers' pay and wider HR strategy, in particular the desired number of teachers in future, the qualifications or qualities the Department wishes to see in teachers, and what is needed to attract and retain them in the profession; and
- information on teachers' morale and motivation. At present, no regular staff surveys are undertaken and evidence is limited.

1.17 We highlight these issues to encourage the Department, the Welsh Assembly Government and other consultees to improve their evidence. This would benefit our work, especially on pay, and have wider benefits, particularly in the area of equality and diversity. In the meantime, we will continue to identify and make use of all available evidence.

Structure of this report

1.18 We begin by summarising consultees' analyses of evidence of relevance to teachers' pay (Chapter 2) and presenting our own analysis (Chapter 3). Both of these have informed our views and recommendations on teachers' pay in the current period (Chapter 4), and the period from September 2008 (Chapter 5).

1.19 We then turn to detailed matters associated with the pay award: teachers' minimum starting salaries and the pay award for the four pay bands (Chapter 6), specific groups of teachers, including the leadership group, and additional payments (Chapter 7). We were also asked to consider changes to the pay arrangements for "unqualified" teachers. Chapter 8 presents our views and recommendations. Finally, Chapter 9 looks forward to the matters to be addressed in the second part of our Seventeenth Report in March 2008.

CHAPTER 2

Teachers' Pay: Consultees' Analysis

Introduction

2.1 This chapter summarises consultees' analyses of evidence of relevance to our remit on teachers' pay, for both the current period (September 2006 to August 2008) and the period from September 2008. Consultees referred to their analyses in their representations on pay, which are summarised in Chapters 4 and 5.

Policy context

2.2 The Department emphasised that its approach to reward for teachers was part of its wider schools strategy. It aimed to help schools in England to maximise the attainment of pupils through policies that supported an effective, skilled, flexible and appropriately rewarded workforce and a transparent, simple and fair funding system. This meant providing resources and putting in place measures to enable schools to develop their own capacity to deliver the priorities, which were:

- closing the gap in educational attainment between children from lower income and disadvantaged backgrounds and their peers, while at the same time raising standards for all;
- continuing to raise standards for all across the education system;
- increasing the proportion of young people staying on in education or training after the age of 16;
- reducing the number of young people on a path to failure in adult life; and
- closing the skills gap at all levels to keep pace with the challenge of globalisation.

2.3 The Department considered that substantial progress had been made in delivering improved quality and value for money in the schools workforce, particularly in the areas of performance management and professional standards. It outlined developments in relation to CPD, the Excellent Teacher Scheme, TLR payments, pay safeguarding, workforce reform, social partnership and leadership. It also highlighted TDA's role in supporting change in schools.

2.4 The Welsh Assembly Government said its key priorities were to ensure that all children and young people had a flying start in life and the best possible basis for their future growth and development; and to provide young people with the skills and knowledge necessary for them to participate fully in all aspects of society. It outlined key programmes for education, including curriculum and school effectiveness measures, and the 14 to 19 Learning

Pathways initiative, and highlighted the publications *The Learning Country: Vision into Action*¹ and *One Wales*². In relation to the schools workforce, it reported measures to enhance the capabilities of practitioners, including changes in ITT, continued development of the Professional Development Framework for teachers by GTC Wales, and pedagogical initiatives. Key objectives included ensuring an adequate supply of qualified teachers and support staff to meet the needs of schools and colleges, and supporting professional development.

2.5 ATL, NASUWT and PAT highlighted workforce reform and remodelling; social partnership arrangements; recent changes in the pay system; the “new teacher professionalism” agenda, including revised performance management arrangements and professional standards; and focus on teaching and learning. These, they argued, were important steps in the continuing process of making teaching attractive, enhancing its status and sustaining improvement in recruitment, retention and motivation. They emphasised that extensive change was underway and would continue in the coming period, referring to workforce reform, the *Every Child Matters* agenda, including extended services, curriculum and structural reforms arising out of the 14-19 Strategy, revisions to the curriculum, *Making Good Progress* initiatives³, personalising learning and preparation for raising the standard leaving age of education. The schools workforce would be expected to address these challenges whilst continuing to raise standards.

Economic context

2.6 The Department put forward the Government’s case that the UK economy was in a sound position, with sustained low and stable inflation, and greater stability and stronger GDP growth than the majority of its competitors. Low inflation had, in turn, provided the platform for record employment levels, higher investment, productivity and economic growth. A low inflation environment meant that interest rates were at record lows, which had benefited public sector workers and others. Labour market conditions continued to be favourable: despite record employment levels and high oil prices, there had not been any significant upward pressure on wages.

2.7 Teachers’ representatives argued that a stable and high-quality public education service was crucial to economic stability and prosperity.

Inflation

2.8 As in previous years, there was a difference in view between the Department and teachers’ representatives about the appropriate inflation measure for pay settlement purposes. The Secretary of State asked STRB to base pay settlements on the achievement of the CPI target of 2%; teachers’ representatives argued that RPI was the appropriate measure and did not consider the use of CPI to be appropriate.

¹ Welsh Assembly Government (2006) *The Learning Country: Vision into Action*

² Agreement between the Labour and Plaid Cymru groups in the National Assembly for Wales (2007) *One Wales: A Progressive Agenda for the Government of Wales*

³ DfES (2007) *Making Good Progress: How can we help every pupil to make good progress at school?*

2.9 The Government's view was that recent increases in inflation rates were in large part due to the temporary impact of higher oil prices. Once the impact of oil and other goods with volatile prices was stripped out, underlying or "core" inflation had remained low and close to 2%.

2.10 The Government considered that, while the level of inflation formed part of the wider economic context for pay determination, pay should not be driven by a desire for pay awards to meet current levels of inflation. Pay awards should reflect a range of factors specific to the market conditions of the workforce and wider macroeconomic factors, as well as affordability, value for money and efficiency improvements. Inflation was just one of many factors and should not become the main focus point. Where inflation was considered, it should be on the basis of the expectations for the relevant period rather than current, temporary levels.

2.11 The Government also considered it essential that today's public sector pay awards did not jeopardise tomorrow's jobs in the public sector and the economy as a whole. It was crucial to remain vigilant to the risk of higher pay settlements feeding into higher service sector inflation and to ensure that public sector pay increases did not contribute to inflationary pressure in the economy. This would risk converting temporary increases in inflation into a permanent increase through second-round effects on wage inflation, with implications for interest rates, putting at risk the stability of the economy.

2.12 Looking forward, the Department reported that the Bank of England and independent forecasters expected CPI to reach 2% or below by the end of 2007. Inflation was set to decrease in the lead-up to the next pay award: it was important that the recommended level of teachers' pay was set in that context.

2.13 Teachers' representatives emphasised comparisons between RPI inflation and growth in teachers' earnings, particularly through pay awards (see below). They highlighted uncertainty about the outlook for inflation; that RPI was predicted by independent forecasters to be above 2.5% for the entirety of the period from September 2006 to August 2008⁴; and that the criterion for invoking the review mechanism for the current pay award was likely to be met for a second time in the year to March 2008.

The teacher workforce

Context

2.14 The Department provided a range of workforce data. It argued that teacher and support staff numbers had dramatically increased since 1997. Pupil to teacher and pupil to adult ratios had also improved. Workforce remodelling meant that teachers were being used more effectively.

⁴ Consultees referred to forecasts of inflation such as IDS (2007) *Pay Report 974*

2.15 The Welsh Assembly Government also provided a range of workforce data. It reported that the number of full-time equivalent teachers in maintained nursery, primary and secondary schools in Wales had decreased by 2% between January 2006 and January 2007.

Future demand for teachers

2.16 Looking forward, the Department considered that, at a whole system level, there was broadly the right size of teaching workforce to deliver its policy goals. Some schools might choose at the margins to increase the number of teachers recruited, for example to personalise teaching and learning. Remodelling was one of the ways to manage this: the solution was not always to employ more teachers. Schools could determine, in the light of their needs and circumstances, what their workforce should look like and who was best placed to fulfil a particular role.

2.17 Given the recruitment and retention position, a remodelled workforce and falling school rolls, the Department suggested that a small increase in teacher numbers to support key Government objectives on personalisation and extended services would be affordable within the CSR settlement, but only in the context of a low headline pay award.

2.18 In this context, the Department particularly highlighted falling pupil numbers. The decline in births since 1990 had resulted in fewer pupils in maintained nursery and primary schools since 1999. Pupil numbers in primary schools were expected to continue to decline until around 2009. Since 2004, secondary school rolls had been declining and this was expected to continue until 2012/13. Pupil numbers were forecast to fall by a further 1% in nursery and primary schools and 10% in secondary schools between 2006 and 2011. There would therefore be reductions in the number of secondary ITT places, although places for mathematics and science would remain at a level needed to meet the targets for specialist mathematics, physics and chemistry teachers for 2014⁵.

2.19 In response to requests for further information, the Department advised that demand for primary teachers was not forecast to fall any further and might start to climb slightly after 2008; but that a significant fall in demand for secondary teachers was expected for the next four years.

2.20 The Welsh Assembly Government reported that a review of ITT provision led by Professor John Furlong (the Furlong review) had found that more teachers were being trained in Wales than were needed by schools there, and had recommended that provision of ITT places should reduce by 50% in primary and 25% in secondary between 2004/05 and 2010/11⁶. The Welsh Assembly Government was taking a range of actions in response to this. ITT intake targets for 2008 to 2011 had not yet been formally allocated: the

⁵ HMT, DfES, DTI, Department of Health (2006) *Science & Innovation Investment Framework 2004-2014: Next Steps*, TSO

⁶ Furlong, J., Hagger, H., Butcher, C. and Howson, J. (2006) *Review of Initial Teacher Training Provision in Wales*, Welsh Assembly Government

Welsh Assembly Government provided indicative figures based on the above recommendation. It was looking to develop a model of teacher supply specific to Wales, including factors in relation to Welsh-medium teaching.

2.21 TDA anticipated that the number of ITT places was likely to reduce further due to reductions in pupil numbers, but thought that recruitment targets for secondary priority subjects, particularly mathematics and science, would remain challenging.

2.22 In their joint submission, ATL, NASUWT and PAT noted that the age profile of teachers was such that a significant proportion of teachers would reach retirement age by 2015. Younger teachers were coming through, but continued focus on recruitment and retention would be important to replace teachers who retired.

2.23 NUT also highlighted the age profile of teachers and argued that the Department's assessment was complacent and ignored problems with teacher supply, in particular the number of teachers likely to retire. NUT argued that almost a quarter of the increase in teacher numbers between 1997 and 2007 was due to overseas-qualified teachers and instructors, not teachers with QTS. NUT highlighted that the number of qualified regular teachers in the nursery and primary sector had fallen in 2007 and that there were 1,600 fewer of these teachers than there had been in 2002⁷. NUT argued that falling pupil rolls should be used to reduce class sizes and improve teachers' conditions of service.

Recruitment

2.24 Consultees made the following points, drawing on data on recruitment to ITT in England in 2006/07⁸:

- the number of training places and associated recruitment targets⁹ had been lower in 2006/07 than in 2005/06, except for science and mathematics secondary ITT. This meant that absolute numbers of recruits had fallen. The Department advised that this was due to falling pupil numbers;
- recruitment targets for primary ITT had been exceeded by 2% in 2006/07, but there had been an overall shortfall of 3% against the target for secondary ITT and larger shortfalls for a range of secondary subjects such as mathematics, science and modern languages;
- NUT highlighted that secondary ITT intake targets had not been met since the early 1990s and took this as an indicator of long-term problems with recruitment;

⁷ DCSF (2007) *School Workforce in England, January 2007*, SFR15/2007

⁸ Consultees' analysis of data from TDA, *Performance Profiles for ITT Providers 2005/06*: <<http://www.tda.gov.uk/partners/datasurveys/findingaplacetotrain.aspx>>

⁹ DfES (2006) *School Workforce in England, January 2006*, SFR 37/2006, Table A3

- TDA reported that teaching was cited as the second most popular destination for final year undergraduate students¹⁰;
- the number of applications to postgraduate ITT fell between 2005/06 and 2006/07 and was lower in the year to June 2007 (for 2007/08) than in the same period in 2006¹¹;
- employment-based schemes continued to be an important aspect of recruitment, including for priority subjects. TDA reported that these routes continued to be popular with potential trainees;
- TDA estimated that career changers constituted around a third of all new entrants to ITT¹² and that returning teachers constituted 29% of the total inflow in 2004/05¹³.

2.25 RIG argued that completion rates for ITT were good and highlighted that over 19,000 teachers who had qualified in 2004/05 had obtained posts in maintained schools¹⁴. NUT argued from the latter data that it was possible that one in five newly-qualified teachers (NQTs) had not entered teaching (should NQTs whose employment status was unknown not have entered teaching).

2.26 Consultees drew different conclusions about the recruitment position in England, with the Department and TDA considering this to be more positive than teachers' representatives.

2.27 With reference to the findings of the Furlong review (paragraph 2.20), the Welsh Assembly Government reported that:

- newly qualified teachers, particularly primary teachers, had been finding difficulties in securing permanent teaching posts in some areas of Wales. The proportion of applications to available teaching posts was substantial across all phases¹⁵;
- the Welsh Assembly Government had reduced recruitment targets for primary ITT by 5% in 2005/06, and further reductions had been made for both primary and secondary ITT in 2006/07 and 2007/08;
- recruitment to primary ITT had been above target in 2005/06, but overall recruitment to secondary ITT was below target.

¹⁰ AGR (2006) *The UK Graduate Careers Survey 2006*

¹¹ GTTR (2007) *Applicant Statistics, 2007 Year of Entry*

¹² TDA (2007) *Trainee Numbers Census*. Further information available at: <<http://www.tda.gov.uk/partners/datasurveys/traineenumberscensus.aspx>>

¹³ Op.cit. DfES, *School Workforce in England, January 2006*

¹⁴ Consultees' analysis of op.cit. TDA, *Performance Profiles*

¹⁵ Welsh Assembly Government (2007) *Schools' Census 2007*, SDR 118/2007

Wastage

2.28 Consultees made the following points:

- the wastage rate for teachers was 10.6% in 2004/05¹⁶. RIG highlighted that this was a fall on the previous year, but some teachers' representatives noted that the rate was higher than in all but two of the years in the period since 1990;
- NEOST's annual *Survey of Teacher Resignations and Recruitment* showed that gross wastage (annual turnover net of moves within local authorities) had increased between 2004 and 2005 in both primary and secondary schools;
- as outlined above, teachers' representatives emphasised the age profile of teachers, with significant increases in the number of teachers retiring and a large number of teachers approaching retirement age¹⁷;
- ATL, NASUWT and PAT highlighted that there had been increases in the number of graduates leaving the profession with less than five years' service¹⁸;
- NGA considered that the position was good nationally, but that there were significant issues in many areas.

Vacancies

2.29 Consultees noted that the vacancy rate for teachers in England was 0.6% in January 2007¹⁹. Vacancy rates were higher in London, the South East and the East of England.

2.30 RIG highlighted that the rate had fallen for six years in succession, from 1.4% in January 2001²⁰. TDA noted that vacancy rates in shortage subjects such as mathematics, information and communication technology (ICT), science and music had been well above average in 2006.

2.31 The Welsh Assembly Government reported that the vacancy rate in Wales was 0.5% in January 2007 and that the rate had been stable in recent years. It also provided provisional data on the actual number of vacancies for teachers in Wales in 2007²¹.

Summary

2.32 Overall, there were differences between consultees' analyses of the recruitment and retention situation. The Department considered the situation to be good and an improvement on the past, and argued that the outlook for the future was healthy. The Welsh Assembly Government indicated that more teachers were being trained in Wales than were needed. Teachers' representatives were more cautious, and highlighted past problems with teacher supply. ATL, NASUWT and PAT highlighted indicators of concern and

¹⁶ NEOST (2006) *Survey of Teacher Resignations and Recruitment 1985/6–2005*

¹⁷ DCSF (2007) Third submission to STRB. See Appendix B for details.

¹⁸ RIG (2007) Submission to STRB, Table D. See Appendix B for details.

¹⁹ Op.cit. DCSF, Third submission to STRB; op.cit. DfES, *School Workforce in England, January 2007*

²⁰ Op.cit. DCSF, Third submission to STRB; op.cit. DCSF, *School Workforce in England, January 2007*

²¹ Op.cit. Welsh Assembly Government, *Schools' Census 2007*

emphasised the need for continued focus on recruitment and retention. NUT acknowledged improvements in recent years, but argued that there remained significant and longstanding problems with teacher supply across the curriculum.

Recruitment, retention and pay

2.33 Several consultees discussed the relationship between recruitment, retention and pay.

- The Department argued that improved pay and conditions for teachers in recent years had helped to maintain a healthy outlook on recruitment and retention against the background of a buoyant economy. Pay was an important consideration, but other factors, including benefits such as the pension scheme, workload and work-life balance were also important to teachers.
- TDA cited a survey of graduates which suggested that financial reward was a key factor in selection of career for 53% of respondents²².
- TDA expressed the view that headline minimum starting salaries (M1 for teaching) played a central role in individuals' decisions about which career to follow: the value of M1 was therefore important in promoting the profession.
- RIG and the Welsh Assembly Government highlighted the financial incentives for new teachers, including golden hellos for those qualifying and completing their induction year in priority subjects, training bursaries for PGCE trainees in England, and training grants for PGCE trainees in Wales²³. NUT regarded these incentives as a "sticking plaster" solution that was insufficient to address recruitment problems and noted that for some subjects, financial incentives were due to reduce.
- RIG reported that the *Teacher Status* project had found that an increased proportion of respondents (18% in 2003 to 20% in 2006) considered pay to be an attraction to a teaching career, whilst a decreased proportion (21% in 2003 to 12% in 2006) considered it a deterrent²⁴. The *Becoming a Teacher* project had found that salary was rated as attractive or strongly attractive by 41% of respondents in their final year of ITT, whilst 20% regarded it as a deterrent. The benefits package (e.g. occupational pension) was rated as attractive or strongly attractive by 31% of respondents, whilst 5% considered it a deterrent²⁵.

²² PCP (2007) *Career Ladder Research*, TDA

²³ Hobson et. al. (2006) *Becoming a Teacher: Student Teachers' Experiences of Initial Teacher Training in England*, DfES

²⁴ Hargreaves et. al. (2007) *The Status of Teachers and the Teaching Profession in England: Views from Inside and Outside the Profession*, DfES

²⁵ Op.cit. Hobson et. al., *Becoming a Teacher*

- RIG highlighted 2005 research suggesting that the most commonly cited reasons for leaving the profession were high workload, Government initiatives and stress; and that those leaving the profession tended disproportionately to be either young with a few years' service, or older and approaching retirement²⁶.
- TDA cited different research suggesting that retention of mathematics and science teachers was not directly linked to salary levels, but rather workload, stress and pupil behaviour²⁷.
- Teachers' representatives argued that in the past, for example in the 1980s and again in the 1990s, there had been periods of decline in teachers' earnings in comparison with inflation and earnings in other professions, which had undermined recruitment, retention and morale and necessitated major pay reviews and upward adjustment in pay. There had also been industrial relations problems. This, they argued, was a pattern to be avoided in the future.
- ATL, NASUWT and PAT argued that a sustained period of below average pay increases for teachers would diminish the attraction of teaching and seriously damage both recruitment and retention. New graduates would be tempted into the private sector and there could be an escalation in the number of teachers leaving the profession in their first five years.
- NUT argued that the level of teachers' pay was a factor in recruitment and retention problems, as were recent pay awards in comparison with inflation and wider settlements and earnings increases.
- NUT also suggested that improvements in pay had recently aided recruitment in Scotland.

Teachers' earnings

Context

2.34 The Department emphasised that there had been significant investment in teachers' pay since 1997: the Department had reformed the pay system to ensure that it met the needs of schools in the 21st century and rewarded teachers appropriately.

²⁶ Smithers, A. and Robinson, P. (2005) *Teacher Turnover, Wastage and Movements between Schools*, University of Buckingham

²⁷ NFER (2006) *Mathematics and Science in Secondary Schools: the Deployment of Teachers and Support Staff to Deliver the Curriculum*, DfES

Structure and settlements

2.35 RIG gave examples of earnings growth for individual teachers at different career stages. RIG also estimated increases in average salaries for full-time classroom teachers and heads, based on provisional earnings data from the Department's Database of Teacher Records. RIG reported that these data suggested that the average salary²⁸ for classroom teachers and heads had increased in real terms by 15% and 26% respectively between 1997 and 2005²⁹.

2.36 The Department noted that since 1997/98, the teachers' paybill had grown substantially in real terms. The pay system had been restructured, with performance-related pay (the upper pay scale) and the creation and shortening of pay scales. These changes were designed to make the teaching profession more attractive and to incentivise good teachers to stay in the classroom. Along with headline pay awards, they had led to considerable growth in the paybill per head. The impact of these changes on the paybill was expected to subside as the pay system reached its steady state in the next few years. In the Department's analysis, recent years had seen a slowdown in growth, with pay awards reflecting a vastly improved recruitment and retention situation.

2.37 Referring to the points on inflation summarised in paragraph 2.13, teachers' representatives argued that teachers' recent pay awards and overall earnings growth did not compare well with RPI inflation and that teachers had lost out financially.

2.38 ATL, NASUWT and PAT argued that the current pay award was being seriously eroded by inflation, leaving teachers vulnerable to economic pressures. They gave examples of additional cash increases that teachers at different points on pay scales would have received had they been awarded salary increases in line with RPI; and of further potential "losses in salary" for such teachers based on assumptions about RPI in September 2007.

2.39 NUT also argued that the pay award for April 2005 and the current pay award had resulted in teachers receiving pay increases significantly lower than inflation; in effect, pay cuts. It gave examples of how much higher in cash value points on the main pay scale would have been in each year since 2005 if pay awards had kept pace with growth in headline RPI inflation. It also quantified a real-terms reduction in pay that it said teachers at UPS3 would receive if RPI remained close to 4% in September 2007. NUT highlighted recent interest rate increases which, it argued, had had an adverse impact on teachers. It also highlighted high house prices.

²⁸ Op.cit. RIG, Submission to STRB, paragraph 2.26. Average salary was calculated by the total of all gross, pensionable salaries for teachers at March of each year divided by the numbers of teachers from the Database of Teacher Records at the time.

²⁹ Ibid. Real-terms figures used December 2006 GDP deflators: <http://www.hm-treasury.gov.uk/Economic_Data_and_Tools/GDP_Deflators/data_gdp_index.cfm>

2.40 NUT cited IDS figures on median settlements in June 2007 (3.5%, with a third of settlements at or above 4%), which it argued indicated that teachers had lost ground against other professions. NUT said that, whatever the impact of sustained higher levels of inflation on pay settlement levels, teachers' pay was rising at a significantly slower rate than pay in the wider economy.

Starting salaries

2.41 RIG highlighted research which it said showed that the financial incentives available to new teachers were rated as "attractive" or "strongly attractive" by 43% of ITT students³⁰. The *Teacher Status* project had found that an increased proportion of respondents considered pay levels to be an attraction to teaching and a decreased proportion considered them a deterrent³¹.

2.42. TDA made the following points:

- research into the motivation of people entering teaching and the perceived barriers facing those wishing to leave other professions to enter teaching had found that the intrinsic rewards of teaching were most often cited by respondents as the reason they wanted to enter teaching. The need to take a reduced starting salary was the most significant barrier identified³²;
- the graduate labour market appeared to be cooling. AGR data suggested that increases in graduate starting salaries appeared to be slowing in 2007 after a number of years of substantial inflation³³. Outside London, the median starting salary in 2006 had risen by just 2% compared to 2005, and stood at £22,953. This should, however, be seen in the context of high increases in graduate starting salaries in the preceding year. In London the median starting salary had increased by 7.8% to £27,500;
- AGR data also showed that starting salaries for graduates tended to be highest in numerate or technical sectors, which competed with teaching to attract substantial numbers of mathematics, science and ICT graduates. Average starting salaries in other professions in these sectors were all significantly above the equivalent starting salaries for teaching;
- other research had found that the average anticipated graduate starting salary was £20,300, an increase of only 2.3% on the previous year and only very slightly higher than M1 for teachers in band D³⁴. Starting salary was the most important factor in respondents' decisions to apply for jobs;
- other financial incentives in teaching, particularly golden hellos, continued to compare well with equivalents in other sectors.

³⁰ Op.cit. Hobson et.al., *Becoming a Teacher*

³¹ Op.cit. Hargreaves et. al. *The Status of Teachers and the Teaching Profession*

³² TDA (2007) "State of the Nation" Research

³³ AGR (2007) *Graduate Recruitment Survey 2007, Winter Review*

³⁴ High Fliers Research (2006) *The UK Graduate Careers Survey 2006*

2.43 NUT provided the following analysis, based on IDS data on employers' recruitment plans and graduate earnings³⁵:

- competition for graduates was likely to be strong in 2007, with employers planning to make up for relatively stagnant graduate recruitment in 2006 by boosting numbers in 2007;
- IDS predicted that the mean average starting salary for graduates in 2007 would be £22,426 – around 14% or £2,785 higher than M1 for teachers prior to the September 2007 pay award, and still over 11% higher than M1 after the implementation of the September 2007 pay award; and
- this significant gap between teachers' starting salaries and starting salaries in other graduate professions increased to around £9,000 after three years: teachers enjoyed much lower increases in their first three years than other graduates.

2.44 UCAC considered that teachers' starting salaries had improved, but that teachers' pay fell behind that of other professions after the first few years.

Average earnings

2.45 The Department estimated that the average growth in earnings per teacher who remained in the system had consistently remained above 6% in each year. Teachers often benefited from more than just headline pay awards through pay progression.

2.46 ATL, NASUWT and PAT argued that due to barriers to teachers' access to TLR payments, the upper pay scale and Excellent Teacher posts, it should not be assumed that there was a uniform base of remuneration being accrued by the generality of teachers. The level of the next pay award would therefore be critical.

2.47 The Department emphasised that pay was only one element of teacher's total reward package, which also included a pension, annual leave, flexible working and work/life balance, career development and access to training. In the Department's view, teachers' overall package was in good shape. In particular, teachers enjoyed a high-quality defined benefit pension.

2.48 RIG discussed recent changes to the teachers' pension scheme³⁶.

Relative earnings

2.49 The Department highlighted that the 2.5% pay award that teachers had received in September 2007 was higher than the awards for nurses, police and fire fighters, who had received an average of 2.2% (or 1.9% after staging). The Department also argued that earnings growth in the teaching profession, from both pay awards and pay progression, helped to ensure that teachers' salaries remained competitive with other graduate professions and was a factor in improved retention rates.

³⁵ IDS (2007) *Executive Compensation Review Research File 76: Pay and Progression for Graduates 2007*

³⁶ *Teachers' Pensions etc. (Reform Amendments) Regulations (2006) SI 3122*

2.50 The Welsh Assembly Government highlighted evidence suggesting that earnings for teachers in Wales were around 10 to 15% higher than the average for all employees in Wales with NVQ level 4 or above³⁷; and that, according to ASHE data, average gross weekly earnings for full-time teachers in Wales were around 95% of the average for other professional occupations³⁸. This position compared well with the rest of the UK (excluding London and the South East).

2.51 TDA suggested that the competitiveness of teachers' salaries should be judged against factors including salary levels in sectors which recruited graduates from the same pools, and should be placed in the context of the whole "customer offer" of teaching, including other financial incentives, conditions of work, holidays, intrinsic benefits and CPD. TDA expressed the view that teachers' salaries were no more competitive than they had been at the time of the last pay settlement in 2005. This would, to some extent, be off-set by the fact that the full offer to teachers included attractive elements such as a final salary pension, strong intrinsic rewards and good prospects for career progression.

2.52 RIG argued that average pay for teachers compared favourably with average graduate pay throughout England with the exception of London, the East of England and the South East.

2.53 ATL, NASUWT and PAT noted that in the year to February 2007, IDS earnings data³⁹ showed earnings growth of 5.9% for the private sector compared to 2.4% in the public sector. In their view, the pay award for the current period had not enhanced teachers' position, although it had prevented a return to the historic pattern of decline following a period of improvement and it had maintained the gains secured through previous STRB recommendations. Citing ASHE data⁴⁰, these parties argued that teachers' earnings lagged behind the earnings of other professionals; and that between 2005 and 2006 earnings increases for teachers were lower than increases in other professions.

2.54 NUT cited data on increases in economy-wide average earnings between September 2006 and March 2007 and argued that growth in teachers' earnings did not compare well⁴¹. In response to arguments made by the Department (paragraph 2.45), NUT argued that pay awards and incremental pay progression for individual were separate issues and should be treated as such when STRB considered pay awards. In this context, NUT highlighted that a large proportion of teachers were at U3, so would not benefit from further incremental pay progression and would have limited opportunities for further pay progression.

³⁷ Welsh Assembly Government analysis of data from ONS, *Annual Population Survey*: <<http://www.statistics.gov.uk/about/data/guides/labourmarket/sources/household/aps.asp>>

³⁸ ONS (2006) *Annual Survey of Hours and Earnings*

³⁹ IDS (2007) *Pay Report 977*

⁴⁰ Op.cit. ONS (2006) *Annual Survey of Hours and Earnings*

⁴¹ NUT compared the teachers' pay award with the seasonally-adjusted average earnings headline rate between September 2006 and March 2007 (ONS series LNNC).

2.55 NUT argued that pay for leaders in the teaching profession compared unfavourably with median salaries of junior and middle managers in the wider economy⁴²; and that individuals with similar characteristics to teachers earned more in the private sector, which was not the case in other public sector professions such as medicine, the police and armed forces⁴³. NUT cited ASHE data⁴⁴ on changes in gross annual average earnings, which showed that since 2003 teachers' earnings had increased at a slower rate than the earnings of other public sector employees. NUT also argued that teachers' earnings in England and Wales compared unfavourably with teachers in Scotland.

Quality of teaching

2.56 The Department outlined arrangements to review and develop the quality of teachers' practice throughout their careers, including induction, new performance management arrangements, and revisions to the framework of professional standards for teachers.

2.57 The Department said that the quality of trainee teachers was improving, with a record number having a degree at 2:1 or higher. Ofsted had reported in 2003 that the current generation of new teachers was the best ever⁴⁵. The latest Ofsted *Annual Report* had highlighted that the quality of teaching in primary schools was better in the foundation stage than in the other key stages⁴⁶. Teaching and learning was good or better in over half of the secondary schools inspected, but was deemed inadequate in 6% of secondary schools inspected.

2.58 TDA referred to the rising trend in the percentage of recruits with at least a 2:1 degree, and reported that 80% of ITT providers had been judged to be good or very good by Ofsted, with 95% of ITT places provided by good or very good providers⁴⁷.

Morale, motivation and workload

2.59 The Department highlighted the findings of the *Teacher Status* project⁴⁸. Almost half of respondents in 2003 (49%) and 2006 (47%) felt that teaching was an attractive career. RIG also mentioned this report and suggested that the results for teachers showed that teachers felt positive about their status, experienced supportive leadership, collaborative working and had time for personal development.

⁴² IDS (2007) *Executive Compensation Review* 314

⁴³ Makepeace, G. and Marcenaro-Gutierrez, O. (2005) *The Earnings of Workers Covered by Pay Review Bodies: Evidence from the Labour Force Survey*, OME

⁴⁴ Op.cit. ONS, *Annual Survey of Hours and Earnings*

⁴⁵ Ofsted (2003) *Quality and Standards in Secondary Initial Teacher Training*, HMI 546

⁴⁶ Ofsted (2006) *The Annual Report of Her Majesty's Chief Inspector of Schools 2005/06*, TSO

⁴⁷ TDA (2007) 2006-07 *Fourth Quarter Monitoring Report*, Annex A, KPI 1.2.2

⁴⁸ Op.cit. Hargreaves et. al. *The Status of Teachers and the Teaching Profession in England*

2.60 RIG reported that levels of sickness absence for teachers in England had been relatively stable since data collection began in 2000, at 5.3 days per teacher overall in 2006, or 9.3 days for each teacher taking sickness absence⁴⁹. In that year, 57% of teachers had been absent due to sickness.

2.61 The Welsh Assembly Government reported that in 2006, sickness absence for teachers in Wales was 8 days per teacher overall, or 13 days for every teacher taking sickness absence⁵⁰. 62% of teachers had been absent due to sickness in 2006.

2.62 Several teachers' representatives argued that the level of pay awards sent messages to potential teachers and those in the profession about the value and status of teachers, and that this had an impact on morale and motivation. These parties were concerned that the current pay award was having an adverse effect on teachers' morale and motivation.

2.63 The Department reported that key parts of the workforce remodelling agenda had been implemented: teachers were benefiting from guaranteed PPA time and were no longer required to carry out certain tasks. The Department suggested that workload, job quality and quality of life were matters which had become more important to teachers.

2.64 RIG noted that teachers' workload surveys showed that between 2000 and 2006 the average total hours worked each week by full-time teachers had fallen for classroom teachers and for heads and deputies in primary schools, but the hours of heads and deputies in secondary schools had increased⁵¹. RIG said that workload for the leadership group had increased and that contractual changes had, thus far, had little impact on leaders' work/life balance.

2.65 BATOD considered that, despite the implementation of the National Agreement, specialist teachers still had significant administrative duties, including record keeping, planning, setting targets for pupils, policy reviews, report writing and collating information.

Affordability matters

2.66 Among the factors to which the Secretary of State directed us to give consideration was the need to make our recommendations affordable within a context of a requirement for responsibility in all public sector pay settlements. He suggested that we should base pay settlements on the achievement of the (CPI) inflation target of 2%; and have regard to the need for education funding to meet a range of priorities linked to school improvement.

⁴⁹ Op.cit. DfES, *School Workforce in England, January 2007*

⁵⁰ Welsh Assembly Government (2007) *Teachers in Service, Vacancies and Sickness Absence: January 2007*, SDR 80/2007 (R)

⁵¹ OME has commissioned a series of surveys on teachers' workload, the most recent being BMRB (2007) *Teachers' Workloads Diary Survey*, OME

2.67 The Department highlighted the announcement in the 2007 Budget on increases in revenue funding for education and children's services for the period from April 2008 to March 2011 (the Comprehensive Spending Review or CSR period)⁵². This was updated in the Pre-Budget Report⁵³ at a late stage in our process: see paragraph 3.101.

2.68 The Department aimed to give local authorities three year allocations of Dedicated Schools Grant (DSG) in autumn 2007, at which point it would set out the funding available for personalisation and other new policies to be implemented by schools. Local authorities would then work through the implications with their Schools Forums and make decisions on the distribution of funding at local level in early 2008. Local authorities would give schools three-year budgets in February or March 2008, covering the period between April 2008 and March 2011.

2.69 The Department also reported that there was no intention to move towards academic year budgeting for schools, since European legislation required accounts to be prepared on a financial year basis. The Department nonetheless believed that the September implementation date for teachers' pay awards remained right and had been a successful change, for example helping schools to plan budgets in advance.

2.70 The Department made the following points in relation to affordability:

- although funding would increase for education at a higher rate than other parts of the public sector, the overall increases in schools funding for the CSR period would be significantly lower than increases of the past three years;
- the Department's expectations of schools remained high: they would be expected to deliver significant further service improvements from within their funding. They needed to continue to make progress in raising standards and closing the attainment gap. The Government had set out policy priorities intended to support this;
- the Department was committed to building on the recommendations of the *Teaching and Learning in 2020 Review Group*⁵⁴, to ensure that all pupils benefited from an increasingly personalised approach. Significant resources from the CSR settlement would be allocated to support this vision, including to provide every pupil with access to a single member of staff able to coordinate a package of support; one-to-one tutoring for 300,000 under-attaining children a year in English and 300,000 in mathematics; and intensive one-to-one support for 5 and 6 year olds struggling to read and write;

⁵² HM Treasury (2007) *Budget 2007*, TSO (HC 342)

⁵³ HM Treasury (2007) *Pre-Budget Report*, TSO (Cm 7227), Annex D1, Table D1

⁵⁴ DfES (2006) *2020 Vision: Report of the Teaching and Learning in 2020 Review Group*

- every school would provide the full core of extended services by 2010, with co-ordination of extended services in every secondary school and cluster of primary schools and additional support to ensure the most deprived pupils could access a full range of activities;
- in this context, it was vital that core costs on schools were contained. Teachers' pay was by far the biggest spending item for schools: the Department estimated that on average, it accounted for 60% of total revenue spend;
- teachers' pay was not the only cost pressure faced by schools. Other pressures included implementation of "single status" changes in relation to support staff pay and increases in pension contributions for support staff. The Department could not quantify these pressures;
- the Department took account of core cost pressures, including teachers' pay, when setting the value of the minimum per-pupil funding guarantee (MFG) for individual schools. The MFG for the coming CSR period would be lower than in the last two years and would assume efficiency savings, in order to use less of the increase in schools funding for core costs and to maximise the amount of additional funding available for new activities. A corollary of this was that the proportion of the increase in school funding devoted to increases in teachers pay had to be minimised.

2.71 The Department considered that the CSR settlement would enable schools to meet the challenging demands placed on them and provide real terms increases in funding. But this was predicated on pay awards being in line with the Government's pay strategy, namely at a maximum of 2%.

2.72 RIG cited a number of examples to illustrate significant improvements in education funding since 1997. In RIG's view, funding improvement had had a positive impact on investment in and reform of the teaching profession. RIG noted that while the next CSR period would be tight for all areas of the public sector, education had fared relatively well in comparison with other services. But overall increases in schools funding for the next three years would be significantly lower than the increases of the preceding three-year period (2005/06 to 2007/08).

2.73 The Welsh Assembly Government highlighted that most revenue funding for schools in Wales was not ring-fenced: it came from local authorities' wider revenue settlements, over which local authorities had discretion. The Welsh Assembly Government intended to introduce three-year funding settlements for local authorities, beginning in April 2008 to coincide with the CSR period. At the same time, local authorities would be required to provide schools with indicative three-year budgets.

2.74 Settlements for the coming CSR period would, like all spending programmes, be determined by the outcomes of the Treasury's CSR process and a Welsh Assembly Government resource assessment exercise. The outcomes for Wales would not be known in time for information to be provided to STRB. In the meantime, the overall revenue settlement for local authorities for 2008/09 onwards was profiled to be at the same level as the settlement for 2007/08.

2.75 In response to a request for clarification on how STRB might therefore take account of the affordability of its recommendations in Wales, the Welsh Assembly Government reiterated that the timing of the CSR announcement meant that there was no information available on likely funding in Wales for teachers' pay from April 2008. Nor could it provide information on expected cost pressures for the CSR period: it highlighted a relevant report by the Welsh Local Government Association⁵⁵.

2.76 NEOST emphasised that any pay award must be affordable for schools and local authorities from funding from the Dedicated Schools Grant (DSG) and argued that there should not be any expectation that local authorities would supplement school budgets.

2.77 BATOD was concerned about the effect of three-year budgets and existing funding arrangements on special schools and local authority specialist teaching and support services.

Costs of teachers' pay

2.78 The Department reported that overall, the teachers' paybill⁵⁶ had grown by 64.7% in cash terms (43% in real terms⁵⁷) between 1997/98 and 2005/06. Factors in this included increased employer contributions to pensions and National Insurance, pay awards, pay restructuring, a larger teaching workforce and pay drift. The Department noted that there had been a slowdown in growth in recent years, and expected this to continue as the teachers' pay system reached a steady state.

2.79 The Department considered that pay drift for teachers was not currently an issue, but that there would be some drift associated with planned changes to part-time teachers' pay and marginal drift if RIG's proposals for unqualified teachers were implemented. The Department provided, and later revised, a table estimating paybill growth in each financial year from the current year to 2010/11, broken down by component⁵⁸. This estimated that in the financial year 2007/08, pay drift would be -0.7% and total paybill growth would be 2%. It also forecast that pay drift would be zero from 2008/09 onwards,

⁵⁵ WLGA (2007) *Expenditure Sub Group Report 2008/09 – 2010/11*

⁵⁶ The Department's teachers' pay bill model estimates the costs of annual salaries for all teachers, plus employers' national insurance and superannuation contributions, but excludes the cost of pay progression for the leadership group and Advanced Skills Teachers.

⁵⁷ The Department's real-terms figures were calculated using December 2006 GDP deflators. See: <http://www.hm-treasury.gov.uk/Economic_Data_and_Tools/GDP_Deflators/data_gdp_index.cfm>

⁵⁸ DCSF (2007) First submission to STRB, Table 1. Revised in DCSF (2007) Fourth Submission to STRB. See Appendix B for details.

excepting 0.2% and 0.1% increases in 2009/10 and 2010/11 respectively due to changes in part-time teachers' pay. These projections were based on the assumption that the overall number of teachers in each year would be the same as in 2007/08.

2.80 The Department estimated that an additional 0.5% headline increase in teachers' pay above its proposed level of pay award for September 2008 would cost around £55 million in the 2008/09 financial year. This increase, if combined with further 0.5% additional increases in pay in September 2010 and 2011, would have the cumulative effect of increasing the teachers' pay bill by £155 million in 2009/10 and £255 million in 2010/11.

2.81 In a joint supplementary submission, ATL, ASCL, NAHT and PAT challenged the Department's estimates, arguing that there would be savings in the teachers' pay bill (negative pay drift) from September 2008, due to factors such as:

- compositional changes in the teaching workforce (experienced teachers retiring in increasing numbers and being replaced with new recruits on lower salaries);
- the change from MAs to TLR payments and the ending of associated salary safeguarding at the end of 2008; and
- a reduction in teacher numbers, due to falling pupil numbers, which the teachers' unions and associations argued would exert considerable downward pressure on the paybill.

2.82 NUT made similar points in a supplementary submission and highlighted evidence from the 2007 pay survey about the distribution of teachers on pay scales and the impact of the introduction of TLR payments, which pointed to reductions in the pay bill⁵⁹. NUT also suggested that the proportion of eligible teachers who were progressing up the upper pay scale was well below past estimates from other consultees. NUT reiterated its view that falling pupil numbers should not lead to a fall in teacher numbers, and should instead be taken as an opportunity to reduce pupil teacher ratios, but agreed with the other unions and associations that the effect of any fall in teacher numbers would be to reduce the pay bill.

⁵⁹ ORC (2007) *Survey of Teachers' Pay 2007*, OME

CHAPTER 3

Teachers' Pay: Our Analysis

Introduction

3.1 The Secretary of State asked us to consider for recommendation *whether teachers' pay should increase and if so, the appropriate increase*. The Secretary of State asked us to take particular factors into account and requested that *in line with funding reforms, we make recommendations on an award which runs from September 2008 to August 2011*.

3.2 As noted in Chapter 1, the Secretary of State also asked us to consider the concerns that led to our request for a remit to review teachers' pay for the current period (September 2006 to August 2008), *alongside other evidence about retention and recruitment and the impacts on budgets – when making recommendations for the next pay award*.

3.3 In undertaking our review of teachers' pay, we find ourselves in an unprecedented and challenging position, as noted in Chapter 1. The review mechanism associated with the pay award for the current period has been triggered, and the Secretary of State has asked us to consider the consequences as part of our present remit. We are additionally required to make recommendations more than ten months in advance on a further pay award to be implemented in the coming period from September 2008 and with a potential end point in August 2011, nearly four years in the future. Our reference period for this report therefore extends over five years.

3.4 The same body of evidence has, in the main, informed our consideration of teachers' pay for both the current and coming periods. This chapter sets out the analysis underpinning our views and recommendations on these matters, which are presented in Chapters 4 and 5. Further analysis of specific relevance to other matters in our remit, including the pay award in the four pay bands, for teachers in the leadership group, additional payments and "unqualified teachers", is presented in Chapters 6, 7 and 8.

Our approach

3.5 We are grateful to consultees for their analyses and views, summarised in Chapter 2. We have considered these carefully. In many areas we have drawn on sources of evidence highlighted and analysed by consultees for our own analysis. We have also identified and considered additional relevant sources of evidence in some key areas.

3.6 We have, as normal, taken account of a range of relevant factors and of the considerations to which the Secretary of State asked us to have regard. Our recommendations on teachers' pay in Chapter 5 are based on our overall

judgement about appropriate increases in the light of our consideration of all these factors: they are not – and never have been – determined by any single factor or indicator. We have considered:

- the strategic context in which our work takes place;
- the economic context and outlook, including inflation, settlements and earnings;
- the teacher workforce, including recruitment and retention;
- teachers' earnings – and growth in earnings – in comparison with inflation and wider settlements and average earnings;
- the quality of teaching;
- morale, motivation and workload; and
- affordability matters.

Our analysis of each of these areas is outlined below. There is a short summary at the end of each section.

Our analysis

Strategic context

3.7 Further to the analysis in Chapter 1 of our Fifteenth Report, we have taken stock of relevant developments.

Demographic changes

3.8 The decline in births since 1990 has resulted in fewer pupils in maintained nursery and primary schools since 1999. The Department expects pupil numbers in primary schools to continue to decline until around 2009. Since 2004, secondary school rolls have also been declining and the Department expects this to continue until 2012/13 (paragraphs 2.18 and 2.19). The pattern is not, however, consistent across England and Wales. The fact that the population in the UK is ageing can also be seen in the age profile of teachers, discussed below.

3.9 It is not clear what impact the demographic trends highlighted above are having on the number, size, type and organisation of schools, including, for example, whether or not they are leading to more federations. This, along with other factors, has implications for the future demand for teachers, discussed in paragraphs 3.37 to 3.39 below.

Policy direction

3.10 Our Fifteenth Report discussed the policy direction and changes underway in schools and services in England and Wales and considered the implications for teachers and leaders. These are still relevant. The Department and Welsh Assembly Government have helpfully outlined their priorities (paragraphs 2.2 to 2.4). The emphasis in both countries continues to be on achieving consistent high standards in schools and services and improving pupil attainment. Schools also have a vital role in safeguarding and promoting the welfare of pupils (the *Every Child Matters/Rights to Action* agendas).

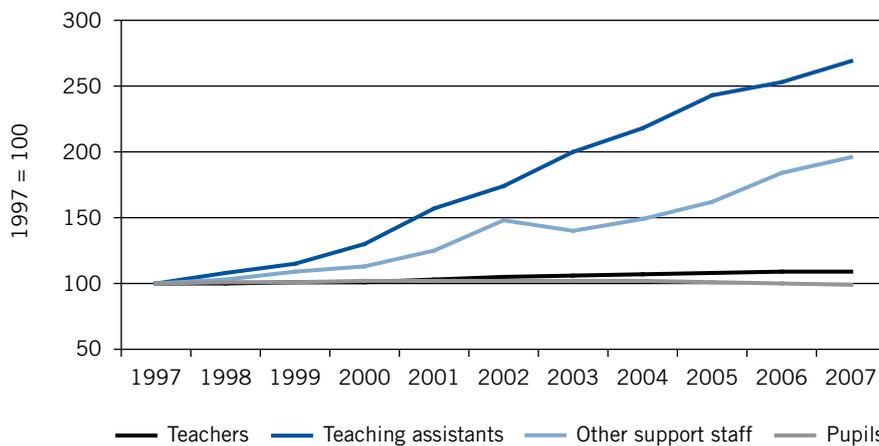
3.11 Teachers and leaders will continue to be at the forefront of – and accountable for – meeting challenging targets in these areas, for example through curriculum and pedagogical initiatives to personalise teaching and learning for pupils and provide a range of options for 14 to 19 year-olds; and will be working in partnership with practitioners in other children’s services. The Government has emphasised that teachers are central to raising standards and has argued that teachers’ professional status has been restored. It has also expressed its intention to continue to invest in improving the overall quality of teaching and in embedding a strong culture of continuing professional development¹.

3.12 As our vision highlights, it is important that the national framework of teachers’ pay and conditions, as part of a coherent, national HR strategy for England and Wales respectively, contributes to high standards in schools and good outcomes for pupils, for example by helping to attract excellent graduates and to retain motivated and committed teachers. Our vision has, once again, guided our work on teachers’ pay.

Schools workforce

3.13 As we have noted in previous reports, the key change in the schools workforce in recent years has been the significant increase in the number of support staff: see Figure 3.1. In England, there are now over 300,000 full-time equivalent support staff (including 163,000 teaching assistants, 66,000 administrators and 24,000 technicians): well over double the number in 1997. Similar trends have been seen in Wales².

Figure 3.1 Growth in the school workforce and pupil numbers, England, 1997=100³



¹ HMT (2007) *2007 Pre-Budget Report and Comprehensive Spending Review*, Annex D1, paragraph 11

² DCSF (2007) Third submission to STRB, Table F1. See Appendix B for details; Welsh Assembly Government (2007) *Schools in Wales: General Statistics 2006*

³ Derived from DCSF (2007) *School Workforce in England, January 2007*, SFR 29/2007; and DCSF (2007) *Schools and Pupils in England, January 2007*, SFR 30/2007

3.14 In the last ten years, pupil-teacher ratios in primary schools in England and Wales have gradually declined and ratios in secondary schools have remained stable. Average class sizes have followed a similar pattern. The increased number of support staff has resulted in pupil-adult ratios decreasing⁴.

3.15 Alongside workforce expansion have been changes in working practices, underpinned by contractual changes for teachers, with emphasis on schools having the right mix of staff and managing work appropriately, so that teachers focus on work requiring their professional knowledge and expertise.

3.16 These developments are factors in teachers' morale, motivation and workload, discussed from paragraph 3.85 below.

Legal developments

3.17 The main legal developments since we last reported on teachers' pay have been the new regulations to prevent age discrimination⁵ and the European Court of Justice (ECJ) ruling on the Cadman equal pay case⁶, which concerned pay arrangements that reward length of service. It is not yet clear what the full implications of these developments will be for pay systems in which length of service is an element. At this stage, consultees have highlighted the pay arrangements for unqualified teachers as a potential matter of concern, discussed in Chapter 8. Time will tell whether or not other aspects of the pay system need to be considered in the light of these developments.

Economic context

Economic growth

3.18 The UK economy has continued to perform strongly and has now grown for 60 consecutive quarters. GDP growth in the first half of 2007 was 3.25% higher than a year previously. However, following recent disruption in financial markets, economic prospects are less certain and it is assumed the disruption will have some impact in the short term. The latest government forecasts are for GDP to grow by 3% in 2007, slowing to between 2% and 2.5% in 2008, and expanding to between 2.5% and 3% in 2009 and 2010⁷.

Inflation

3.19 Consultees continue to hold different views about the appropriate measure of inflation relating to pay. We have noted the application of the RPI inflation measure to a range of purposes in the wider economy, including its use by employers in pay settlements and by the Government in determining

⁴ DCSF (2007) Third submission to STRB, Tables F2, F3. See Appendix B for details; op.cit. DCSF, *School Workforce in England, January 2007*

⁵ *Employment Equality (Age) Regulations 2006*, SI 1031

⁶ European Court of Justice, *Cadman v Health and Safety Executive*, C-17/05, reported in Industrial Case Reports 1623

⁷ HM Treasury (2007) *2007 Pre-Budget Report and Comprehensive Spending Review, October 2007*, TSO (Cm 7227)

teachers' pension increases and student loan interest rates. Our view remains that the CPI and RPI measures emphasise different aspects and that, for our purposes, they each have strengths and weaknesses. As in our Fifteenth Report, we have examined recent changes in both of these inflation indices alongside other economic indicators, including average earnings and settlement levels⁸. We have also considered forecasts for the future.

3.20 Figure 3.2 charts inflation since April 2005. At the time we submitted our Fifteenth Report in October 2005, inflation was relatively stable. The Treasury's average of independent forecasts suggested that inflation would ease to 1.9% per annum (CPI) and 2.4% per annum (RPI) in the fourth quarter of 2006. Forecasts suggested that inflation indicators were likely to converge around the Bank of England's 2% (CPI) target over the two-year period in which the 2006 to 2008 pay award would apply⁹.

3.21 As a number of consultees have emphasised, inflation in the period since our Fifteenth Report has, in fact, been higher than was forecast. Between April 2006 and March 2007, the period covered by the first year of the review mechanism for the current pay award, all the key measures of inflation showed almost uninterrupted upward movement. Over this period, the annual rate of inflation grew from 2% to 3.1% on the CPI measure and from 2.6% to 4.8% using RPI. As outlined in Chapter 1, the percentage increase in the average value of the monthly RPI index between the twelve months ending in March 2006 and the twelve months ending in March 2007 was 3.7%, materially above the upper threshold of 3.25% that we defined for the review mechanism in the current period¹⁰.

3.22 The rate of growth in inflation peaked in March 2007. Since then, prices have been growing more slowly. CPI returned to target in July, but RPI has not converged with CPI: in September 2007, headline RPI was 3.9%. The upper threshold of the review mechanism for the current pay award could be exceeded for a second time when the full set of monthly RPI figures to March 2008 becomes available.

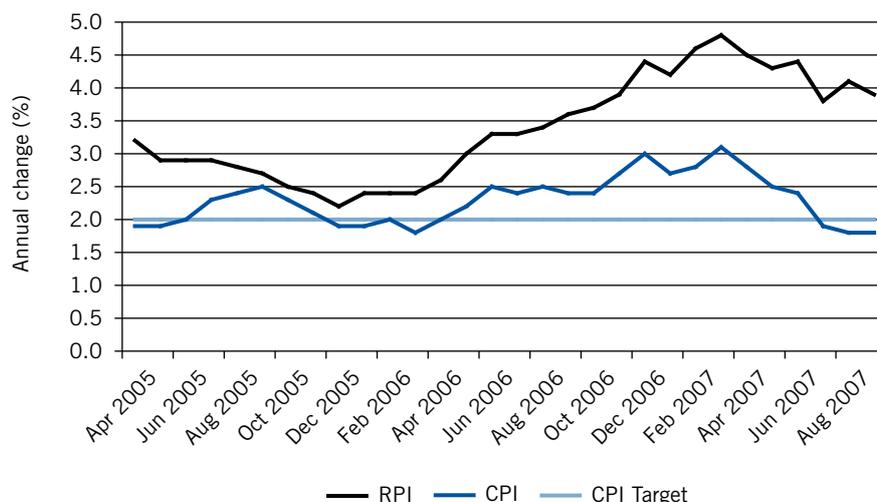
3.23 It is therefore clear that teachers have experienced higher increases in living costs in the run up to and during the period of the current pay award than was expected when the current pay award was settled.

⁸ STRB (2005) *Fifteenth Report*, TSO (Cm 6663), paragraph 3.58

⁹ *Ibid.* paragraph 3.59

¹⁰ *Ibid.* paragraph 3.69

Figure 3.2 Inflation: CPI and RPI, April 2005 to September 2007¹¹



3.24 The Treasury’s most recent comparison of independent forecasts suggests an average expectation that RPI will be 3.8% in the last quarter of 2007 and 2.6% in the last quarter of 2008¹². The forecasts suggest that CPI will be on target in the last quarter of 2007 and thereafter. We note that there is considerable variation in individual forecasts and the average should therefore be treated with some caution.

Settlements and earnings

3.25 Our Fifteenth Report noted that in the three months to July 2005, median pay settlements were at 3% in an inter-quartile range of 2.5% to 3.3%. There were no forecasts for pay settlements, but commentators tended to assume that median settlements would broadly follow RPI¹³.

3.26 Economy-wide median settlements in the three months to September 2006, the period in which teachers received their 2006 pay increase, were 3%; and median settlements stayed at this level to December 2006. Settlements in 2007 have edged higher in response to inflation, although we note that median settlement levels have remained below RPI. In the three months to September 2007, median settlements in the whole economy were around 3.3%, with an inter-quartile range of 2.8% to 4%¹⁴.

3.27 We have also examined public sector settlements. This is less straightforward, as settlements are clustered at certain times of the year and a minority of awards can account for the majority of public sector workers. Nonetheless, our analysis shows that in the year to September 2007 public

¹¹ ONS inflation indices

¹² HM Treasury (2007) *Forecast for the UK Economy, October 2007*

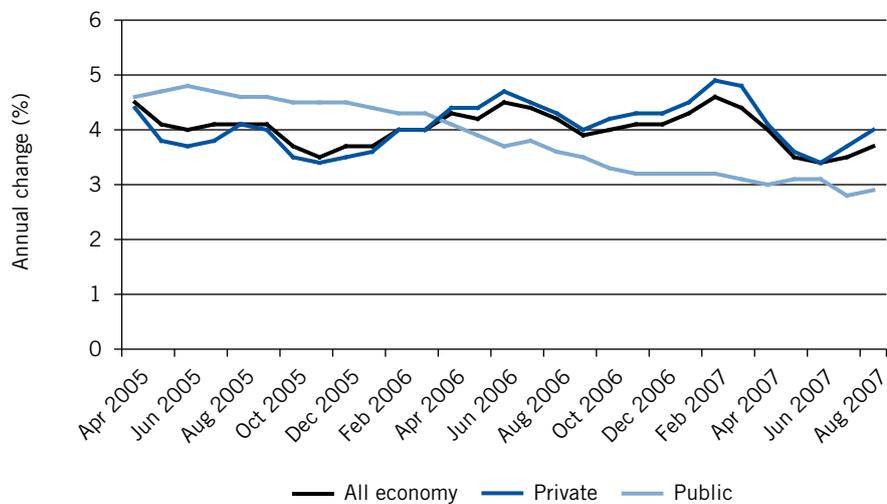
¹³ Op.cit. STRB, *Fifteenth Report*, paragraphs 3.59 and 3.60.

¹⁴ Industrial Relations Services (IRS) *Pay Intelligence* (available by subscription)

sector settlements have trailed those in the private sector (2.7% compared to 3.4%), and this is reflected in average earnings figures (see paragraph 3.28 below)¹⁵.

3.28 The twelve months to April 2007 saw economy-wide earnings changing at annual rates of between 3.9% and 4.6%, with earnings growth in the private sector markedly higher than that in the public sector (see Figure 3.3). The subsequent period has seen a slowing in earnings growth; the change in the average earnings index in the year to August 2007 was 3.7% (4% in the private sector and 2.9% in the public sector). Aggregate earnings growth currently appears subdued, with zero or negative pay drift across the economy.

Figure 3.3 Average earnings (annual percentage change in 3 month average)¹⁶



3.29 There are no projections for settlements, but economic forecasts suggest that current settlement levels may continue into next year. The Treasury average of new independent forecasts suggests that the growth in average earnings will be 4% in 2008¹⁷.

3.30 The Department has argued that there is a risk that higher pay settlements in the public sector could feed into higher service sector inflation and inflationary pressures in the economy (paragraph 2.11). The Bank of England and independent commentators have not identified current levels of public sector pay as an inflationary pressure. And the Government has stated in the past that, based on productivity trends, in the medium term (over the economic cycle), the maximum level of growth in average earnings that is compatible with the inflation target is 4.5% to 4.75%¹⁸.

¹⁵ Ibid.

¹⁶ ONS average earnings indices (series LNNC, LNND, LNNE)

¹⁷ Op.cit. HM Treasury, *Forecast for the UK Economy, October 2007*

¹⁸ Department of Health, Scottish Executive and National Assembly for Wales (2005) *Written Evidence from the Health Departments for Great Britain to the Review Body for Nursing and Other Health Professions (Review for 2006)*, page 66. Available at: <http://www.dh.gov.uk/prod_consum_dh/idcplg?ldcService=GET_FILE&dID=19979&Rendition=Web>

Summary

3.31 In 2007, the UK economy continued to be stable and strong, although recent disruption has led to expectation that there could be a temporary slowdown in growth in 2008. Inflation during 2006/07 was higher than was forecast by independent commentators at the time of our Fifteenth Report, leading to the upper threshold of the review mechanism for the current pay award being exceeded. Since March 2007, prices have been increasing more slowly, but although CPI has returned to target, RPI continues to be in excess of 3.5%. Settlement levels were stable in 2006, at around 3%, but have risen slightly in 2007, although not to the same levels as RPI. The annual increase in average earnings was running at just over 4% in the year to April 2007. This has since slowed. Settlements and earnings growth in the public sector have trailed those in the private sector.

3.32 Looking to the future, forecasts suggest that in the last quarter of 2008, CPI will be at the target rate of 2% while RPI will be around 2.6%; and that growth in economy-wide average earnings will be 4% in 2008.

The teacher workforce

3.33 Paragraphs 3.13 to 3.16 above outlined developments in the schools workforce. Focusing in particular on teachers, in England and Wales, there are over 550,000 teachers (over 475,000 full-time equivalent) in maintained schools, 18% of whom work part time. The number of teachers (FTE) has increased by more than 8% since 1997, mainly driven by increases in numbers in secondary schools¹⁹. Since our last report, more teachers have moved outside the scope of our remit, due to the growth of academies²⁰. The national framework of pay and conditions in the STPCD do not apply to teachers working in academies.

3.34 As consultees have highlighted, the age profile of teachers is skewed. Around 30% of primary and secondary full-time teachers are over 50, and this is more pronounced in special schools. The age profile among part time teachers is different: there are proportionately fewer part-time teachers under 35 and more teachers aged 35-50²¹.

3.35 With respect to equality matters, we observe that:

- the proportion of the workforce that is male is low and decreasing in all phases and grades. Men accounted for just 30.5% of all teachers in England in 2006 (16% of primary teachers, 43% of secondary teachers and 31% of special school teachers). The decline has been most acute in secondary schools, where the proportion of males fell from 47% to 43% between 1998 and 2006²²;

¹⁹ Op.cit. DCSF, Third submission to STRB, Tables A1, A2, A3; op. cit. DCSF, *School Workforce in England, January 2007*. Teacher numbers include "unqualified" teachers.

²⁰ Op.cit. DCSF, *Schools and Pupils in England, January 2007*

²¹ Op.cit. DCSF, Third submission to STRB, Table A5

²² Ibid. Table A12

- however, disproportionate numbers of leaders are male: males make up 34% of primary heads and 23% of deputies/assistants compared to 16% of the primary workforce as a whole; males make up 65% of secondary heads and 56% of deputies/assistants compared to 43% of the wider secondary workforce)²³;
- the proportion of heads who are women is, however, increasing: from 57% in 1998 to 66% in 2006 in primaries, and from 27% to 35% in secondaries. Most new appointees to headships in primary and special schools are women, and 41% of new secondary heads are women compared to 35% of existing secondary heads²⁴. This suggests that the gender gap is diminishing in the leadership group;
- minority ethnic groups are gradually becoming more represented, but the ethnic make-up of the teaching profession is a long way from reflecting the wider population, and under-representation at leadership level is a particular issue²⁵.

3.36 We are concerned about these inequalities. It is not clear to what extent existing pay levels and pay design are factors. In Chapter 1 we highlighted the need for improved equality-monitoring data, which would be helpful in identifying any problems or pay measures that could help to improve the current situation.

Future demand for teachers

3.37 In examining the labour market for teachers, it is important to understand what the projected demand for teachers is likely to be in the coming years, since this will impact on recruitment requirements and pay costs and is relevant to consideration of a range of pay matters.

3.38 Consultees have highlighted a range of factors that could have a bearing on this, including falling pupil numbers, increasing teacher retirements, initiatives in relation to personalisation of teaching and learning, schools offering extended services, workforce remodelling, the proposal to extend the school leaving age to 18 and initiatives in relation to education for 14 to 19 year-olds. But the Department and the Welsh Assembly Government have been unable to provide a detailed quantitative or qualitative evaluation of the overall projected change.

3.39 Based on the available information, it seems unlikely that teacher numbers will increase in the coming period. Indeed, the latest information from the Department suggests that while there might be a small rise in the number of primary teachers, the overall number of secondary teachers could fall significantly until 2013 (paragraph 2.19).

²³ Ibid.

²⁴ Ibid.

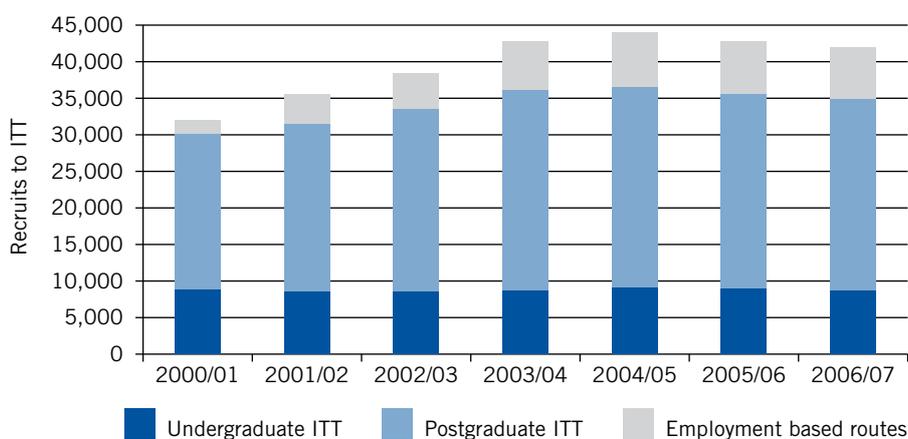
²⁵ Op.cit. DCSF, *School Workforce in England, January 2007*; Education Data Surveys (2007) *The state of the labour market for senior staff in schools in England and Wales, 2006-2007*

Recruitment

3.40 Our Fifteenth Report noted increases in recruitment to initial teacher training (ITT) in the period between 1998/99 and 2004/05²⁶.

3.41 Since 2004/05, the number of recruits has fallen slightly but remains high: in 2006/07, there were some 42,000 recruits to ITT in England and Wales (see Figure 3.4 below). The proportions of recruits entering teaching through undergraduate, postgraduate and employment-based routes have remained stable in the last three years.

Figure 3.4 Recruitment to Initial Teacher Training (England and Wales)²⁷



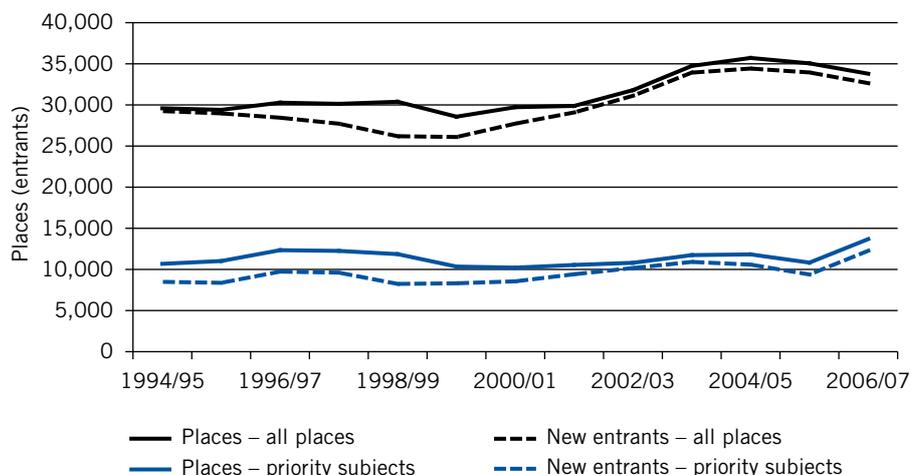
3.42 TDA data enable us to compare the number of ITT recruits with the number of available places. Figure 3.5 shows, for recent years, the overall numbers of undergraduate and postgraduate ITT places and entrants to ITT in England. The overall number of training places has fallen, except for secondary priority subjects. Recruitment to ITT has consistently trailed the number of training places overall, and for priority subjects²⁸.

²⁶ Op.cit. STRB, *Fifteenth Report*, paragraph 2.39

²⁷ Op.cit. DCSF, Third submission to STRB, Table E1; DfES (2006) *School Workforce in England, January 2006*, SFR 37/2006

²⁸ Priority subjects in 2006/07 included science, mathematics, design and technology, English, ICT, modern languages, religious studies and music.

Figure 3.5 Recruitment and numbers of training places, England²⁹



3.43 Looking at this in more detail, we understand that allocated undergraduate places have been filled consistently since 2001/02. But the number of postgraduate training places has consistently exceeded the number of recruits for the priority secondary subjects of science, mathematics and modern languages. For mathematics and modern languages, there has been widening of the gap in the last two and three years respectively³⁰.

3.44 We note that the latest data on applications to ITT courses commencing in the autumn of 2007 show that, compared to the same period last year, the overall number of applications per place on PGCE courses has decreased by 3% for secondary teaching and 1.5% for primary teaching³¹.

3.45 As the Welsh Assembly Government has highlighted, the recent Furlong review of ITT provision in Wales reported that more teachers were being trained than were needed by schools in Wales (paragraph 2.20)³². The review recommended that, by 2010/11, the number of primary and secondary ITT places be reduced by 50% and 25% respectively, compared to their 2004/05 levels. The Welsh Assembly Government accepted the need for rationalisation and has set indicative targets for ITT recruitment for the years up to 2010/11³³. In 2005/06, 1,135 people entered primary ITT, above the target of 1090 places. 1,190 people entered secondary ITT, almost 11% below the target of 1,320.

²⁹ Derived from TDA (2007) Submission to STRB. See Appendix B for details.

³⁰ Ibid.

³¹ Derived from GTTR (2007) *Applicant Statistics, 2007 Year of Entry*

³² Furlong, J., Hagger, H., Butcher, C. and Howson, J. (2006) *Review of Initial Teacher Training Provision in Wales*, Welsh Assembly Government

³³ Education and Lifelong Learning Committee (2006) *Initial Teacher Training Provision – Next Steps*, ELLS (2) 06-06

3.46 TDA has highlighted that in the coming period, the number of ITT places in England is likely to reduce, but that recruitment targets for secondary priority subjects, particularly mathematics and science, will remain challenging. As outlined above, the number of ITT places in Wales will continue to reduce.

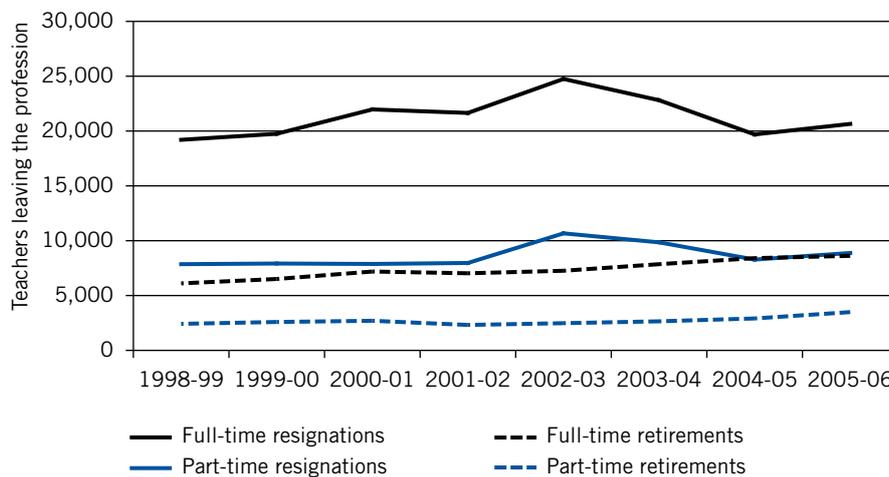
3.47 The rate of entry into the profession of newly qualified staff is good. Our analysis of TDA data suggest that, of those completing undergraduate and post-graduate training in 2005/06 and whose employment status is known, around 90% had obtained a teaching post within 6 months of gaining QTS³⁴.

3.48 At present, it is too early to see the possible effects on recruitment of the introduction in September 2006 of variable tuition fees and changes in financial support for students. Nor, at this time, can we assess the impact of the most recent pay awards, since there are time lags between pay changes and any effects on recruitment and the most recent data available pre-date the 2006 and 2007 increases. It will, therefore, be important to continue to closely monitor recruitment patterns.

Wastage and turnover

3.49 In the last ten years or so, wastage rates³⁵ for full-time teachers in England and Wales have been stable, with between 7% and 8% of teachers leaving the profession each year³⁶. The main contributor to wastage continues to be resignations: there are around three times as many resignations as retirements each year, although the number of retirements is increasing, consistent with teachers' age profile (see Figure 3.6).

Figure 3.6 Number of teachers leaving the profession, England and Wales³⁷



³⁴ Derived from TDA surveys of newly qualified teachers. Employment status is unknown for 9% of 2005/06 ITT graduates.

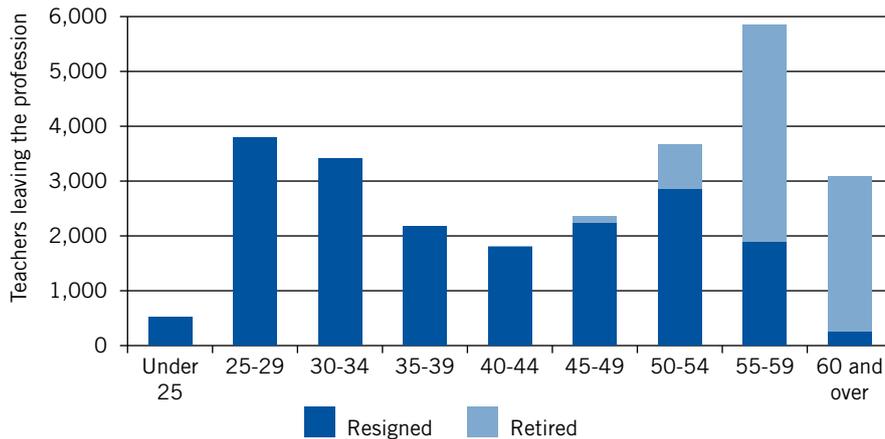
³⁵ The wastage rate measures the percentage of teachers leaving the profession in a given year. The measure excludes movement between full and part-time working.

³⁶ Derived from op.cit. DCSF, Third submission to STRB, Table B7.

³⁷ Ibid.

3.50 Data on the length of service of teachers leaving the profession are not available, but age provides us with some indication. Figure 3.7 shows that there is considerable spread in the age of teachers leaving for reasons other than retirement. In 2004/05, just over 40% of teachers resigning were under 34 years old and a further 20% were between 35 and 44, similar to the pattern in previous years.

Figure 3.7 Full-time teacher wastage by age, England 2004/05³⁸



3.51 Turnover³⁹ for full-time teachers in England and Wales has gently decreased in recent years, falling from 17.9% in 2003/04 to 16.6% in 2005/06. Turnover rates for part-time teachers are higher: 30.7% in 2003/04 and 27.4% in 2005/06. We note that turnover rates are not uniform across regions or subjects. Rates tend to be higher in London, the South East and the East of England and, among secondary subjects, much higher for ICT than for other subjects⁴⁰.

Vacancies

3.52 Figure 3.8 shows recent trends in vacancy rates in England. The headline vacancy rate⁴¹ in maintained schools in England rose from 0.6% in 1997 to a peak of 1.4% in 2001, and has steadily declined since then to 0.6% in January 2007. In January 2007 there were some 2,040 full-time teacher vacancies in England, most of which were in secondary schools. We note the relative difficulty in recruiting and retaining teachers in special

³⁸ Op.cit. DfES, *School Workforce in England, January 2006*, Table C1b (i); DfES (2002) *Statistics of Education: Teachers in England (2001 edition)*, Table 11b (i)

³⁹ Turnover measures the percentage of teachers who either moved establishment, moved between full and part-time working or who left the profession in a given year.

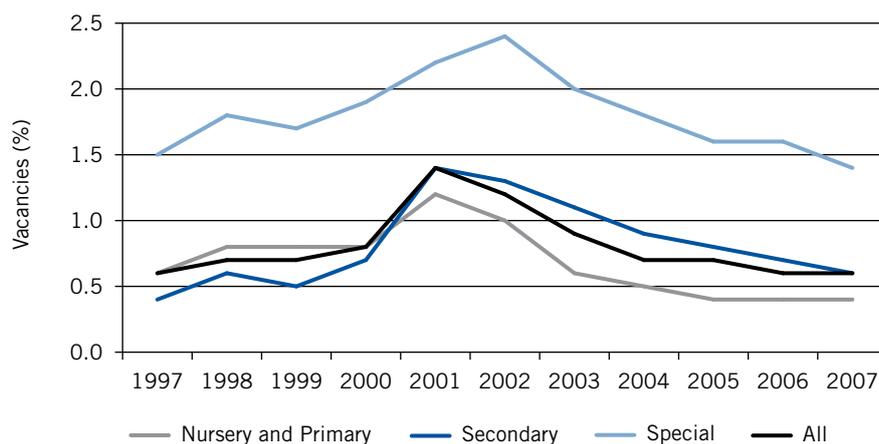
⁴⁰ Op.cit. DCSF, Third submission to STRB, tables B2, B5.

⁴¹ The vacancy rate measures the number of advertised vacancies as a percentage of teachers in post. Vacancy rates provide an annual snapshot in a particular month (January). In previous reports, we have noted that the measure can mask local coping strategies such as altering staff mix, employing unqualified teachers, "non-specialist" subject teachers or agency teachers or using fixed-term contracts. Nonetheless, they are a consistent measure and thus provide a useful barometer of trends over time and a benchmark for comparison between different regions and school phases.

schools, which continue to have the highest vacancy rates (1.4%)⁴². Vacancy rates in Wales were similar to those in England in January 2007 (0.6% in primary schools and 0.5% in secondary schools)⁴³.

3.53 Overall, we welcome the continuing downward trend and note that the vacancy rate for teachers is much lower than that recorded in the wider economy (over 2% in January-March 2007)⁴⁴.

Figure 3.8 Full-time teacher vacancy rates, England⁴⁵



3.54 Vacancy rates are higher for some secondary priority subjects. The subjects with the highest vacancy rates in England in January 2006 were music (1.4%), ICT (1.4%) and mathematics (1.1%), although the rate for mathematics had halved since 2001⁴⁶.

3.55 London has historically had the highest vacancy rates, although these have fallen significantly since 2001 (see Figure 3.9). The overall rate of 1% for London can be separated into those for Inner London (1.3%) and Outer London (0.7%). The next three highest rates are for the East of England (0.7%), the South East (0.6%) and the West Midlands (0.6%)⁴⁷. We are aware that headline vacancy rates can disguise local problems; our analysis has highlighted that several of the local authorities with the highest vacancy rates are outside London and the Fringe.

⁴² Op.cit. DCSF, *School Workforce in England, January 2007*

⁴³ Welsh Assembly Government (2007) *Teachers in Service, Vacancies and Sickness Absence: January 2007*, SFR 80/2007(R)

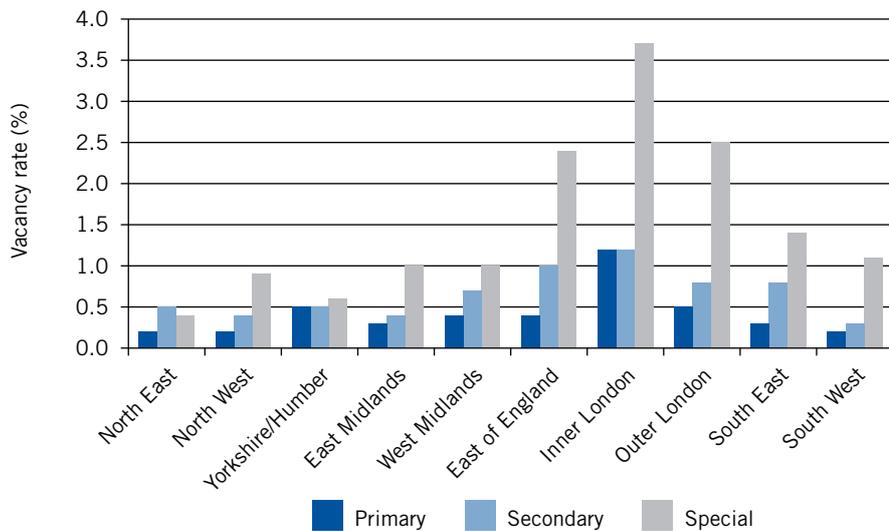
⁴⁴ ONS *Vacancy Survey*, results for January to March 2007

⁴⁵ Op.cit. DCSF, *School Workforce in England, January 2007*

⁴⁶ Op.cit. DCSF, Third submission to STRB, Table C3

⁴⁷ Ibid. Table C2

Figure 3.9 Vacancy rates, by region and school phase, England 2007⁴⁸



3.56 As with recruitment, it is too early to assess whether and, if so, how the most recent pay awards have affected retention, since pay changes do not have immediate effects and data are not up-to-the-minute.

Summary

3.57 Overall, our assessment is that the recruitment and retention situation is healthy. Recruitment to the profession in recent years has been stable at high numbers, although, as we have highlighted, there are some areas where recruitment levels are below target and others which have deteriorated in recent years, so there is no room for complacency. Wastage rates from the profession have also been relatively stable, but significant proportions of leavers are younger teachers. We welcome the continued downward trend in vacancy rates, but note the relative difficulty in filling posts in some subjects, in special schools and in hot spot localities.

3.58 We are conscious that recruitment and retention are lagging indicators and should therefore continue to be monitored closely.

Teachers' earnings

3.59 In considering teachers' pay, we are particularly conscious of the relative position of the profession and its ability to compete with other employers in recruiting and retaining high quality staff. As we have highlighted in the past, if the teachers' pay structure is too low relative to the wider market, this could, over time, create problems with recruitment, retention, morale, motivation and the quality of teaching; whereas positioning pay at a higher level than necessary to maintain these factors would not be the most effective use of school funding.

⁴⁸ Ibid.

3.60 With this in mind, our assessment of teachers' earnings has included examination of pay awards, starting salaries, median earnings and earnings growth compared to the wider economy. We have also considered the factors that contribute to growth in teachers' earnings.

3.61 Some consultees have compared teachers' earnings with earnings in other, specific professions. In our view, the teaching profession is not competing for recruits with or losing teachers to any particular, narrowly-defined set of other professions. We therefore think it appropriate to look at wider graduate starting salaries and to compare teachers' median earnings with earnings in the economy as a whole and in other professional occupations⁴⁹.

Starting salaries

3.62 The two main sources of information on graduate starting salaries that we have used in previous reports, AGR and IDS surveys⁵⁰, include data on salaries in a reasonably large range of organisations. However, as we have noted previously, both include a preponderance of large private sector companies, which tend to offer relatively high levels of pay. For these reasons, whilst the two surveys provide a consistent benchmark against which to judge movements in starting pay over time, we are cautious about using them to compare absolute pay levels across the country at a point in time.

3.63 This year, we have undertaken further analyses of starting pay using detailed data on the destinations and earnings of recent graduates⁵¹. This source is substantial in terms of sample sizes and is, we believe, likely to provide a balanced picture over the overall graduate labour market. Our analysis shows that the current minimum starting salary for teachers (M1) closely matches the starting salaries of graduates entering professional occupations⁵². The median salary of 2006 graduates entering professional occupations was £20,000 in all regions except London. Graduates in London continue to receive significantly higher starting salaries (we consider this further in Chapter 6).

Relative earnings

3.64 Median full-time annual earnings for classroom teachers (including additional payments) in January 2007 range from £30,000 (band D) to £33,000 (band A) for primary teachers and from £33,000 (band D) to £37,000 (band A) for secondary teachers⁵³.

⁴⁹ "Professional occupations" include science and technology professionals, health professionals, teaching and research professionals, business and public service professionals. This is a group within the Standard Occupational Classification (SOC) 2000, used to categorise results in the ONS ASHE survey (Annual Survey of Hours and Earnings).

⁵⁰ Association of Graduate Recruiters graduate recruitment surveys and Incomes Data Services executive compensation reviews

⁵¹ OME analysis of Higher Education Statistics Agency (HESA) Destinations of Leavers from HE (DLHE) survey data. HESA cannot accept responsibility for any inferences and conclusions derived from the data by third parties.

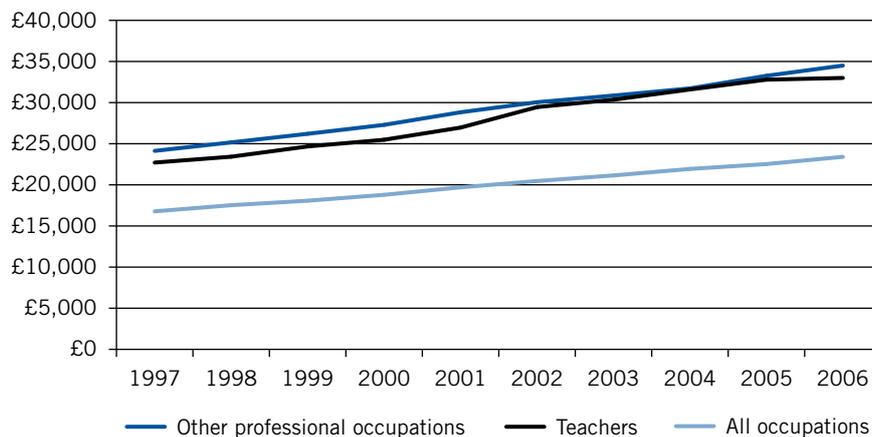
⁵² Comparison of the median starting salaries of 2006 graduates entering "professional occupations" (as defined above) with teachers' minimum starting salaries.

⁵³ ORC (2007) *Survey of Teachers' Pay 2007*, OME

3.65 Across the workforce as a whole, male full-time teachers' median earnings are around 11% higher than female teachers' median earnings⁵⁴. The main reason for this is that, as noted above, there are proportionately higher numbers of male teachers in senior roles. As consultees have highlighted, differences between primary and secondary teachers' earnings are also a factor, since an even greater proportion of primary than secondary teachers are women.

3.66 Figure 3.10 shows that teachers' median earnings remain well above the economy-wide median. Teachers' earnings gained ground with those of other professional occupations between 1997 and 2002 and remained at around the same level for the following few years, falling away slightly in 2006. We cannot make comparisons for the period since teachers received their latest pay increases in September 2006 and 2007, since data are not yet available.

Figure 3.10 Full-time teachers' median earnings compared to other occupations, England and Wales⁵⁵



3.67 We have separately examined the earnings of men and women in other professional occupations in order to assess the competitiveness of teachers' earnings for each gender. Our analysis shows that men can, on average, expect to earn more than women in these occupations. This means that, in relative pay terms, teaching is less attractive to men than to women, which could be a factor in the gender profile of the profession.

Measuring earnings growth

3.68 As our previous reports have noted, when examining earnings growth, it is appropriate to take account of the change in earnings of the whole profession, including new recruits, teachers who receive pay progression and those whose only change in earnings results from the settlement⁵⁶.

⁵⁴ OME analysis of ONS Annual Survey of Hours and Earnings (ASHE) data.

⁵⁵ Ibid.

⁵⁶ Op.cit. STRB, *Fifteenth Report*, paragraphs 3.53 and 3.56

3.69 The measure put forward by the Department (paragraph 2.45) of annual changes in the earnings of teachers remaining in post is unhelpful. This measure is not consistent with standard measures of changes in earnings: it is partial, excluding new entrants and leavers, and is not representative of the whole profession. As a result, it can overstate teachers' earnings growth and obscure affordability considerations.

3.70 As teachers do not receive bonuses, changes in their earnings, and therefore the relative position of their pay structure, are driven by two factors: annual pay awards (settlements) and so-called "pay drift"⁵⁷.

Annual pay awards

3.71 Since the mid-1990s, teachers' pay awards have cumulatively narrowly exceeded median settlements elsewhere in the economy and significantly exceeded inflation (both CPI and RPI measures), but over the past five years, teachers' pay awards have trailed wider settlements⁵⁸.

Changes in teachers' average earnings

3.72 As our Fifteenth Report noted, between 2000 and 2003 there were structural changes to the pay system, which were made for strategic reasons and produced benefits in terms of recruitment, retention and vacancy rates. These changes resulted in the average earnings of the teaching profession increasing at a higher rate than the pay award levels alone would suggest (there was positive pay drift)⁵⁹. Our report also observed that these changes had bedded in and were no longer contributing to earnings growth.

3.73 These conclusions still hold. Comparing changes in teachers' average earnings⁶⁰ with changes in inflation over the period between 1998/99 to 2005/06 as a whole, the cumulative change in teachers' average earnings significantly exceeded changes in both CPI and RPI inflation. In the most recent part of this period, however, the rate of growth of teachers' pay slowed; from 2002/03 to 2005/06, growth in teachers' average earnings was about equal to the cumulative change in RPI over the same period. Our analysis of paybill information for the period since then suggests that growth in earnings has been equal to the level of the pay awards. We are therefore in a position where pay drift is no longer contributing to growth in teachers' earnings.

3.74 Looking forward, our analysis of the projected costs of teachers' pay (see paragraph 3.104 below) demonstrates that this is likely to continue to be the case in the future. Growth in teachers' average earnings will therefore largely be driven by pay awards. Indeed, should pay drift be negative, growth in teachers' earnings would be lower than the pay award.

⁵⁷ Pay drift is traditionally calculated as the difference between the percentage change in average earnings of employees and the percentage pay settlement awarded over the same period. These differences can be caused by a number of factors, for example structural changes to a pay system (e.g. the creation of new scales), changes in earnings through pay progression and compositional changes in the workforce (e.g. experienced, higher-paid staff leaving and being replaced by new, lower-paid staff).

⁵⁸ OME analysis of STRB awards and IRS settlement data from 1995 to 2007.

⁵⁹ Op.cit. STRB, *Fifteenth Report*, paragraphs 2.52 to 2.55

⁶⁰ OME analysis of gross earnings from the ONS Annual Survey of Hours and Earnings (ASHE).

Summary

3.75 At national level, teachers' minimum starting salary (M1) closely matches other graduate starting salaries. Teachers' median earnings remain well above the economy-wide median and made ground on other professional occupations in the period from 1997 to 2002. The growth in earnings in this period was partly attributable to structural changes to the pay system.

3.76 In the last five years, the relative earnings of teachers have remained at broadly the same level, although recently may have started to slip. The rate of growth in teachers' average earnings has slowed and pay drift is now negligible at most. As a result, average earnings changes, and the relative position of teachers' pay, are largely being driven by the level of pay awards. This is also likely to be the case over the period covered by this award.

Total reward

3.77 Several consultees have commented on other elements of teachers' overall package of pay, benefits and conditions of employment.

3.78 Many employers now manage and promote pay to potential recruits and existing employees as part of a "total reward" package of financial and non-financial rewards. Teachers, for example, have a package including a final salary pension scheme, annual leave and occupational maternity and sickness benefits. Individual employees may also weigh up other factors, such as job security, professional and career development opportunities and the intrinsic nature of the job, in their perceptions of the value of their overall package.

3.79 We would like to be able to take wider aspects of reward into account in our work, although this would present methodological challenges, for example in estimating the value of elements of the package in terms of the cost to employers and the perceived value to individual employees.

Quality of teaching

3.80 It is important for the teaching profession to be able to attract and retain people with the right skills and qualifications. While many factors are likely to influence the quality of the teaching workforce, the pay of the profession is likely to be among them. And high-quality teaching is, of course, vital in delivering high standards for pupils. It is, therefore, important to make some assessment of the quality of teaching. Possible indicators include the qualifications of new entrants, in particular attainment at A-level and undergraduate degree level and the quality of teaching and learning in schools as assessed by inspectors.

3.81 We are not aware of any data on the A-level qualifications of teachers, but there are data on undergraduate degrees. Degree class is not necessarily a predictor of how well people will teach. Nonetheless, it does provide some indication of the calibre of graduates choosing to enter the profession and of subject expertise. Analysis of the 2005/06 cohort of trainees shows that 58% of first year postgraduate trainees held a 2:1 undergraduate degree or better⁶¹,

⁶¹ TDA Press Release 18 July 2007 *New teachers the best qualified for generations*

similar to the proportion among all new graduates⁶². Degree class varied considerably with subject. Around two-thirds of graduates in English obtained a 2:1 or better; the corresponding numbers for the other secondary subjects recruiting large numbers of teachers – science, physical education, mathematics and modern languages – were between 40% and 50%. This pattern was similar to previous years⁶³.

3.82 In England, Ofsted has four categories when it inspects schools: outstanding, good, satisfactory and inadequate, and says that all schools should aspire to be good or outstanding. In 2005/06, Ofsted reported that teaching and learning were at least satisfactory in the very large majority of the schools inspected. The proportion of schools where teaching and learning were judged to be good or outstanding was 60% in primary schools, 50% in secondary schools and 80% in special schools. Teaching and learning were judged to be inadequate in 6% of secondary schools⁶⁴.

3.83 In the same year in Wales, the quality of teaching and assessment was judged by Estyn to be good or better in 84% of primary schools and 75% of secondary schools⁶⁵.

3.84 In summary, measuring workforce quality is always difficult, but we believe that assessing the quality of teaching and trends in this area is important, given the vital importance of good teaching and since the pay of the profession is likely to have a bearing on quality. This year we have made some brief, initial observations; we hope to be able to undertake broader assessments of the quality of teaching in future reviews.

Morale, motivation and workload

3.85 Consultees have recognised that there is a relationship between levels of pay and teachers' morale and motivation, but as with the quality of teaching, these factors are difficult to measure. Only limited evidence about teachers' morale and motivation is available. Elsewhere in the public and private sectors, many organisations undertake regular staff surveys, from which changes in morale and motivation and factors affecting this can be tracked over time. As noted in Chapter 1, this kind of evidence would be helpful in our work.

3.86 As noted in our Fifteenth Report, sickness absence is sometimes used as a proxy indicator for morale. The proportion of teachers taking sick leave in England in 2006 was 57% and the average number of sick days per teacher in post was 5 days. The corresponding figures for teachers in Wales were slightly higher. These figures have been stable over the past five years⁶⁶.

⁶² Derived from HESA data on higher education qualifications.

⁶³ University of Buckingham (2007) *Teacher Training Profiles 2007*

⁶⁴ Ofsted (2006) *The Annual Report of Her Majesty's Chief Inspector of Schools 2005/06*

⁶⁵ Estyn (2006) *The Annual Report of Her Majesty's Chief Inspector of Education and Training in Wales 2005/06*

⁶⁶ Op. cit. DCSF, *School Workforce in England Statistics 2007*; op.cit. Welsh Assembly Government, *Teachers in service, vacancies and sickness absence statistics*

3.87 The Department has highlighted evidence that teachers' perception of their status has remained stable in the last three years, after many years of decline. The same research suggests that there have been mixed reactions to recent changes to the pay system and that many teachers feel underpaid given their responsibilities⁶⁷.

3.88 As noted above, there has been a significant expansion in the number of school support staff. This change was aimed at reducing teachers' workload and enabling teachers to focus more on work requiring their professional skills and judgement. Research into the impact of support staff in schools found that half of teachers said that support staff had led to a decrease in their workload and that their presence had contributed to higher levels of satisfaction and reduced levels of stress⁶⁸.

3.89 This is consistent with our impression from discussions with teachers that the increase in the number of support staff and the contractual changes arising from the National Agreement, particularly PPA time, have had a positive impact on classroom teachers' morale, motivation and workload.

3.90 Workload surveys suggest that since 2000, the average total weekly working hours in a typical term-time week has slightly reduced. In March 2007, the average total hours worked reported by primary teachers was 51.5 hours per week; the average for secondary classroom teachers was 49 hours⁶⁹. This compares with figures of 53 hours and 51 hours in 2000.

3.91 Overall, we are unable to draw firm conclusions from the available evidence on morale and motivation and would like to see more and better evidence in this area. Consultees have not, however, reported any worsening in morale and motivation, and there is evidence of modest reductions in classroom teachers' working hours.

Affordability matters

3.92 We have, of course, had regard to the need for our recommendations to be affordable. In Chapter 1 we highlighted the need for better evidence to inform this aspect of our work.

3.93 The key issues of relevance are the level of funding for schools, in particular revenue (current) funding; and the costs of teachers' pay and other pressures on this funding in each country. The relevant period is the coming CSR period (April 2008 to March 2011), since this is when our recommendations will take effect. Funding for schools is a devolved matter and there are differences in funding arrangements between England and Wales. In theory, there could be differences between England and Wales in terms of the affordability of our recommendations.

⁶⁷ Op.cit. Hargreaves et.al., *The Status of Teachers and the Teaching Profession in England*

⁶⁸ Institute of Education, University of London (2007) *Deployment and Impact of Support Staff in Schools*, DCSF

⁶⁹ BMRB (2007) *Teachers Workloads Diary Survey 2007*, OME

3.94 We have considered the Department and Welsh Assembly Government's representations on these matters, summarised in paragraphs 2.66 to 2.75, and have additionally sought further information from these parties and identified and drawn from published sources of information on school funding, local expenditure and cost pressures.

Context

3.95 The background context is that in England, at national level:

- In 2006/07, total revenue (current) expenditure on schools was estimated to be £34.9 billion⁷⁰. The year-on-year increase in expenditure was 6.2% in 2004/05, 6.9% in 2005/06 and 4.6% in 2006/07.
- The proportion of local authorities' revenue expenditure on schools that was spent on staff was stable between 2002/03 and 2005/06 at approximately 81%⁷¹. Within this, the proportion spent on teaching staff fell from 58% (plus 2% on directly-employed supply teachers) to 56% (plus 1.5% on supply teachers) between 2002 and 2006, but the proportion of expenditure on support staff increased from 17% to 20%.
- Secondary schools spent proportionally the most on teachers and special schools the most on support staff. Large schools spent proportionally more on teachers than small schools⁷².

3.96 Some information at local level is now available⁷³.

- In 2006/07, most local authorities' expenditure on schools was at the level of their allocation of Dedicated Schools Grant (DSG) from the Department. The guaranteed unit of funding per pupil from the DSG in local authorities ranged from £3,224, to £5,609, with a median of £3,578.
- In that year, 28% of primaries, 21% of secondary and 23% of special schools received funding increases per pupil of 3.4% – the statutory minimum funding guarantee (MFG). In a large number of local authorities, all schools received increases higher than the MFG, but in others, none did.
- In 2005/06, 9% of schools were in deficit to a total of £140.3 million, but 90% were in surplus to a total of £1.9 billion⁷⁴.

3.97 Information for Wales is more limited. Total revenue expenditure on schools in 2005/06 was £1.9 billion. The year-on-year increase in expenditure was 5% in 2004/05 and 5.7% in 2005/06⁷⁵.

⁷⁰ DFES (2007) *Departmental Report 2007*, TSO (Cm 7092), Table 8.4. Figures for 2007 are estimated.

⁷¹ Local authority outturn statements, reported by local authorities in July 2007 and analysed in DCSF (2007) Second submission to STRB. See Appendix B for details.

⁷² Analysis of revenue expenditure by school size in 2005/06 (provisional) in DCSF (2007), Fourth submission to STRB. See Appendix B for details.

⁷³ DCSF (2007) benchmarking tables of local authority expenditure, 2006/07, including "additional information" table, columns 3, 11 and 13. Available at <<http://www.dfes.gov.uk/localauthorities/section52/subPage.cfm?action=section52.default&ID=73>>

⁷⁴ DCSF (2007) *School Level Revenue Balances for Local Authority Maintained Schools in England: 1999-00 to 2005-06*

⁷⁵ Welsh Assembly Government (2006 and 2007 – annual publication), *Key Education Statistics Wales*

2007/08

3.98 In the current financial year, £36.5 billion (63%) of the total resource Departmental Expenditure Limit (DEL) for the Department for Education and Skills was earmarked for schools in England, of which the Dedicated Schools Grant (DSG) was £28.3 billion (77%)⁷⁶. The Department additionally planned to spend £10.5 billion on the teachers' pension scheme, paid for through a separate funding stream.

3.99 In Wales, the Revenue Support Grant for local authorities, from which schools and several other public services are funded, was £3.06 billion, amounting to 59% of local authorities' total revenue⁷⁷.

Comprehensive Spending Review (CSR) period 2008 to 2011

3.100 As discussed in Chapter 1, we do not have information on overall levels of funding for schools and year-on-year cash increases for the upcoming CSR period.

3.101 The Department's resource funding is due to increase by 5.4% in 2008/09, 4.5% in 2009/10 and 5.2% in 2010/11 in cash terms⁷⁸, or 2.7%, 2.2% and 2.8% in real terms⁷⁹.

3.102 The Department has emphasised that the overall increases in schools funding for the coming period will be significantly lower than increases of the past three years and that schools will be expected to make efficiency savings. It has announced that the minimum per-pupil funding guarantee (MFG) will be lower in the coming period than in previous years and is unlikely to exceed 2.5% (paragraph 2.70). We observe that this will give local authorities discretion over more of the revenue funding from the Dedicated Schools Grant (DSG) and other sources. This could, depending on local decisions, lead to greater variation in funding between individual schools.

3.103 At the time of finalising this report, the National Assembly for Wales had only just received its CSR settlement from the Treasury⁸⁰. Resources had not yet been allocated to education.

Costs of teachers' pay

3.104 Based on information from the Department, we estimate that the total costs of teachers' pay in 2007/08 will be £19.1 billion in England and £1.2 billion in Wales.

⁷⁶ Op.cit. DfES, *Departmental Report 2007*, Table 8.1 and Annex A

⁷⁷ Welsh Assembly Government (2007) *Local Authority Budgeted Revenue Expenditure 2007/08*, SDR 74/2007

⁷⁸ Op.cit. HMT, *Pre-Budget Report and Comprehensive Spending Review 2007*, Annex D1. The report announced the CSR settlement for the Department for April 2008 to March 2011. Cash-terms figures are based on a 2007/08 baseline that was adjusted, for example to take account of machinery of Government changes.

⁷⁹ Real-terms figures based on inflation of 2.7%, as calculated in op.cit. DCSF, Fourth submission to STRB

⁸⁰ Op.cit. HMT, *Pre-Budget Report and Comprehensive Spending Review 2007*, Annex D18

3.105 In 2005, the Department estimated that without taking into account any pay award for 2006 to 2008, the costs of teachers' pay would increase because of pay drift of between 0.23% and 0.28% in 2006/07 and between 0.15% and 0.2% in 2007/08⁸¹. But it now estimates that pay drift for the 2007/08 financial year will be negative (- 0.7%) (paragraph 2.79).

3.106 Looking forward, consultees agree that, at most, pay drift will be negligible. The Department has forecast zero pay drift apart from that due to changes in part-time teachers' pay. Zero or negligible pay drift would mean that future growth in the teachers' pay bill – and as noted above in the discussion of the earnings of the teaching profession – would be driven almost entirely by the pay award. Teachers' representatives have challenged the Department's analysis and argued that downward pressures on the pay bill mean that pay drift will actually be negative (paragraphs 2.81 and 2.82). This would generate cost savings and mean that the growth in the teachers' pay bill and earnings would be lower than the pay award.

3.107 It would have been helpful to have a robust, undisputed forecast of pay drift for England and Wales for the coming period. As it stands, there is uncertainty about whether or not pay drift will be negative and, if so, to what extent this will reduce costs and affect growth in teachers' earnings. Relevant factors include changes in teacher numbers, changes in the composition of the teaching workforce, and the impact of the change from management allowances to TLR payments and the end of associated pay safeguarding in 2008.

3.108 Based on the information available to us, we have made the assumption that cost pressures for teachers' pay for the CSR period due to pay drift will, at most, be negligible, and may tend downwards.

Other cost pressures

3.109 As noted in Chapter 1, we have only limited information about other cost pressures on schools' resources for the coming period. Potential cost pressures include:

- support staff pay: the Local Government Employers have highlighted that, in addition to the costs of pay awards for school support staff, significant cost pressures will arise from "single-status" pay changes across local government, including the additional costs of new pay arrangements and back pay liability (in cases where there is evidence of equal pay problems)⁸²;
- pensions costs for teachers and support staff, which are expected to increase;
- enhanced provision of free early education for three and four year olds;

⁸¹ Op.cit. STRB, Fifteenth Report, paragraph 3.35

⁸² In 2004, it was agreed at the National Joint Committee (the negotiating forum for local government employees) that local authorities should complete equal pay reviews and introduce "equality-proofed" pay structures.

- work to implement the recommendations of the *Teaching and Learning in 2020* Review Group, which concern the personalisation of teaching and learning. This will include: every pupil having access to a single member of staff to co-ordinate a package of support; one-to-one tutoring for 300,000 under-attaining children a year in English and 300,000 in mathematics; and intensive one-to-one support for 5 and 6-year-olds struggling to read and write;
- all schools to provide a range of extended services by 2010; and
- continued work to improve services, raise standards and improve pupil attainment.

3.110 A recent report by the Welsh Local Government Association highlighted the following education-related cost pressures (current) for local authorities in Wales.

- education for pupils with special educational needs;
- changes to the foundation phase curriculum for three to seven year-olds;
- introducing 14 to 19 learning pathways; and
- restructuring costs due to the need to response to falling pupil numbers⁸³.

⁸³ WLGA (2007) *Expenditure Sub Group Report 2008/09 – 2010/11*

CHAPTER 4

Teachers' Pay in the Current Period

Introduction

4.1 This chapter presents our views on teachers' pay in the current period (September 2006 to August 2008).

4.2 Chapter 1 outlined the context for this part of our remit. In summary, our Fifteenth Report concluded that there was a case for a two-year pay award running from September 2006 to August 2008. We also noted a potential downside of a multi-year award: that its value was subject to uncertainty about future changes in the economy. We therefore recommended a review mechanism for the period of the award, which was accepted by the then Secretary of State.

4.3 Levels of RPI inflation in the period between April 2006 and March 2007 meant that the criteria for a review were met. We wrote to the Secretary of State requesting a remit to review teachers' pay for the current period. He declined to give us a separate remit, but asked us instead to consider the concerns that had led to our request for a remit, evidence on recruitment and retention and the impact on budgets, when making recommendations for the next pay award.

Representations from consultees

4.4 In presenting their representations below, consultees drew on their analysis, summarised in Chapter 2.

4.5 In his letter of 5 June (Appendix A), the Secretary of State noted that the review process outlined in STRB's Fifteenth Report did not determine a particular course of action on his part. In his view, his options were to do nothing, accede to STRB's request for a separate remit, or to ask STRB to look at the factors which led to the request in the context of the next pay award. The Secretary of State concluded that STRB should consider concerns about inflation, alongside other evidence about recruitment and retention and the impact on budgets, when making recommendations for the next pay award. His decision was based on expectations of inflation over the whole pay award period, on the fact that the current pay award for teachers represented a better outcome than that envisaged in the Government's policy on pay for public sector workers, and given the close proximity of the new remit for the next pay award.

4.6 The Secretary of State later noted that in April 2007, when the review mechanism was triggered, teachers were seven months into a 24-month pay award, and argued that current inflation figures must be balanced against conditions over the period of the whole award¹. The Government expected inflation (CPI) to return to the target of 2% by the end of 2007 and that the target would continue to be met in the medium term. Considering future inflation until September 2008, the Government expected average inflation over the whole of the current pay award period to be substantially lower than current levels.

4.7 Teachers' representatives emphasised their analysis of teachers' earnings in relation to inflation and wider settlements (paragraphs 2.13 and 2.37 to 2.40). They also expressed concern that there could be a return to a period of decline in teachers' earnings (paragraph 2.33). In response to the Secretary of State's point that there was time left to run in the pay award, teachers' representatives observed that the review mechanism recommended by STRB had specified the periods to be taken into account and had been accepted.

4.8 In their joint submission, ASCL, ATL, NASUWT and PAT sought a pay award, discrete from any award for the period from September 2008 to 2011, to restore the value of the 2006 to 2008 pay award that teachers would have enjoyed had inflation targets not been exceeded during that pay period. This, they suggested, should be paid in September 2008. These parties argued that action was needed to prevent serious erosion of pay levels; to restore pay to its intended level; and to secure a sound basis on which to determine the appropriate level of pay award for the coming period. If this was not done, they argued, the integrity of the package of teachers' pay and conditions – important to the ongoing agenda for change and the drive to raise standards – would be compromised. They also noted that pensionable salaries for teachers who retired would be adjusted.

4.9 ASCL, ATL, NASUWT and PAT argued further that the pay award for the coming period was complex and involved high stakes, and that this would be compounded if there was uncertainty about what, if any, allowance had been made for developments in the current period. They suggested that the review mechanism had been critical in securing agreement to the current pay award. STRB should therefore provide clear, separate consideration of, and recommendations on, matters in relation to the current pay award, in order to preserve the integrity and value of the review mechanism. Without this, there would be no confidence in the future operation of any review mechanism, and it was unlikely that ASCL, ATL, NASUWT and PAT would be able to continue to support multi-year pay awards.

¹ DCSF (May 2007) First submission to STRB. See Appendix B for details.

4.10 NUT proposed a 10% pay increase for teachers from September 2008 as its preferred solution to developments in the current period, but argued that at the very least teachers should be compensated for losses they had suffered in the period of the pay award through an increase in pay scales for September 2006 and September 2007 in line with RPI inflation. The 2008 pay award should then increase from a baseline of uplifted 2007 pay scales.

4.11 UCAC sought an extra pay award for 2007/08 to make up for real-terms losses in teachers' pay. This, it argued, would also make the pay award in 2008 more manageable for schools.

Our views

Headlines from our analysis

- Inflation was at a higher rate than expected at the time of our Fifteenth Report. Both CPI and RPI were at continuously higher rates during 2006/07. Since then, inflation has slowed. CPI was 1.8% and RPI 3.9% in September 2007 (paragraphs 3.19-3.24).
- Settlements in the wider economy were around 3% in 2006, but edged higher in the first half of 2007, although not to the same levels as RPI. Public sector settlements trailed those in the private sector (2.7% compared to 3.4% in the year to September 2007) (paragraphs 3.25-3.27).
- Economy-wide earnings grew at just over 4% during 2006/07. Growth has since slowed and was 3.7% in August 2007 (private sector 4%, public sector 2.9%) (paragraphs 3.28-3.30).
- The aggregate recruitment and retention situation for teachers continued to be healthy during 2006/07 and into 2007/08. Vacancy rates were low, although there was variation by location and phase, and wastage rates were stable. Recruitment to ITT, however, has tailed off slightly compared to 2004/05. These are lagging indicators (paragraphs 3.40-3.58).
- Nationally, teachers' minimum starting salaries were in line with the wider graduate labour market (paragraphs 3.62-3.63).
- Teachers' median earnings grew considerably faster than inflation in the five years to 2002, and also made up ground on other professional occupations. Growth then slowed, but the relative position was maintained in broad terms, although we note a slight slippage against other professional occupations in the latest data (paragraphs 3.66-3.74).
- Teachers' earnings have grown in line with the level of pay awards during the period covered by the review mechanism (paragraphs 3.72-3.74).

4.12. Before considering the detail of our response, it is critical to be clear about the basis of the review mechanism that we put in place for the current pay award. This was never intended to provide the Government or employers with absolute certainty about the costs of teachers' pay between September 2006 and August 2008: it is necessarily the case that a meaningful review mechanism may result in pay adjustments. Nor, conversely, did it guarantee that teachers' pay awards would have a certain value in comparison with inflation, or that teachers would receive additional pay should inflation be higher than was forecast: our approach is not a compensatory one. The review mechanism simply defined the circumstances in which it might be appropriate to review teachers' pay. In this context, the change in inflation was a simple, relevant and transparent indicator.

4.13 We also made clear that should the review mechanism be triggered, we would consider the full range of factors that we take into account in making recommendations on teachers' pay. Our detailed analysis of these factors was outlined in Chapter 3.

4.14 It is clear that teachers have experienced higher increases in living costs than were expected when the pay award for the current period was settled (paragraphs 3.20 to 3.23). The impact of this will have been particularly felt by teachers ineligible for incremental progression.

4.15 Teachers' representatives have argued that teachers have "lost salary" and calculated what individual teachers could have been paid had the current pay award been equivalent to measures of RPI (paragraphs 2.37 to 2.40). We do not think this is the right approach for two reasons. Firstly, we do not accept the implicit assumption that teachers' pay awards should be automatically linked to RPI. As noted, our approach is not based on indexation or compensation. Secondly, increases in the costs of living have also affected other groups of employees. We need to examine other relevant factors, including whether or not there has been any damage to the competitiveness of teachers' pay in the current period.

4.16 If teachers' pay had become less competitive, we might expect to see evidence of this in recruitment and retention indicators. We recognise that these depend on a range of factors and that there would be time lags before any changes resulting from specific pay awards became visible in the indicators. From the evidence that is currently available, discussed in paragraphs 3.40 to 3.58, our view is that overall the national position remained stable and healthy during the relevant period. However, we also note that the trend on recruitment to initial teacher training has changed direction in recent years (see paragraphs 3.41 and 3.57), which suggests a need to be careful going forward.

4.17 In the period to September 2006, when the current pay award took effect, median settlements in the economy as a whole did not respond markedly to rising inflation and remained at the level expected in our Fifteenth Report. Nor did inflation lead to higher growth in economy-wide earnings (paragraphs 3.25 to 3.28). The relative position of teachers' pay was therefore broadly as expected.

4.18 There are, however, signs that the picture is changing. The evidence suggests that teachers' median earnings have recently started to slip in comparison with other professional occupations (paragraph 3.66 and Figure 3.10). It is not clear whether this will continue, but the 2.5% pay award for teachers in September 2007 compares with median settlements for the whole economy of around 3.3% in the three months to September, although public sector settlements are considerably lower (2.7% in the year to September). And growth in teachers' earnings is likely to be lower over the current pay award period than was forecast by the Department when the award was settled (paragraph 3.105), and lower than growth in economy-wide earnings.

4.19 The pay relativities of different professions will not (and should not) remain fixed in perpetuity. On the other hand, past experience, notably in the 1990s, makes clear that allowing the competitiveness of the teachers' pay structure to erode beyond a certain point damages the profession's ability to attract and retain teachers of the required quality. It also has a negative impact on the professional standing of the profession in the wider community, and on the morale and motivation of the teaching workforce.

4.20 In the context of reviewing the current pay award, we are not able to give detailed consideration to qualitative indicators such as teaching quality or morale and motivation. These are medium-to-long-term indicators, while our focus in this chapter is on the short term impact of recent developments on the competitiveness of teachers' pay. We have also noted that suitable evidence on morale and motivation is not available (paragraph 1.16). We recognise, however, that the relative position of the profession's pay will have some impact on its ability to recruit and retain staff of the right quality.

4.21 In conclusion, we recognise that teachers have experienced higher increases in living costs than were expected when the pay award for the current period was settled. However, inflation is only one of the factors of relevance to pay awards. Looking at other factors, recruitment and retention have remained healthy during the period and there has been no significant change in the short-term competitiveness of teachers' pay.

4.22 The evidence suggests, however, that there may be an emerging issue about the relative positioning of the teachers' pay structure, a view which is reinforced by recent trends on recruitment to initial teacher training. Whilst events during the current pay award period may have contributed to this emerging issue, it is not possible to identify separately any effects specifically attributable to those events. The appropriate positioning of teachers' pay is a medium to long term matter, and wider considerations apply.

4.23 We do not, therefore, endorse any of the pay measures proposed by teachers' representatives in respect of the current pay period (paragraphs 4.8, 4.10 and 4.11 above). We will take account of the impact of events during this period in the wider context of our recommendations on the pay award from September 2008 onwards (see the next chapter).

4.24 It is possible that the upper threshold for the review mechanism for the current pay award could be exceeded for a second time in April 2008² and consultees could once again ask us to consider the case for seeking a remit from the Secretary of State to review teachers' pay. If this happens, we will take account of any representations from consultees and relevant evidence. In reaching our conclusions above and in the following chapter, we have taken account of all the available evidence up to September 2007.

² The review mechanism is based on the RPI all items index rounded to one decimal place, based on January 1987 = 100 (CHAW). For the April 2008 calculation, an arithmetic average of the 12 monthly CHAW indices from April 2006 to March 2007, rounded to one decimal place, will be calculated ('Y0'). Then, the arithmetic average of 12 monthly CHAW indices from April 2007 to March 2008, rounded to one decimal place, will be calculated ('Y1'). The annual inflation rate for the purpose of the review mechanism will then be the percentage change from Y0 to Y1, again rounded to one decimal place. The review mechanism specified that if this percentage is below 1.75% or above 3.25%, any of the consultees can ask STRB to consider the case for seeking a remit from the Secretary of State to review teachers' pay.

CHAPTER 5

Teachers' Pay from September 2008

Introduction

5.1 This chapter presents our views and recommendations on teachers' pay for the period from September 2008. As outlined in previous chapters, the Secretary of State asked us to consider for recommendation *whether teachers' pay should increase and if so, the appropriate increase*. He asked us to take particular factors into account and requested that *in line with funding reforms, we make recommendations on an award which runs from September 2008 to August 2011*.

Representations from consultees

Pay award from September 2008

5.2 Consultees discussed three inter-related issues: the time period, how any multi-year pay award should be managed (review mechanisms) and the level of the pay award. In presenting their representations below, consultees drew on their analysis, summarised in Chapter 2.

Time period and review mechanism

5.3 Among the factors to which the Secretary of State asked STRB to give particular consideration was the Government's commitment to three-year budgeting and the need for schools and local authorities to be able to plan ahead. The Secretary of State suggested that a further multi-year teachers' pay award would be key in this.

5.4 The Department reported that the current pay award had helped schools to plan budgets. In spring 2008, schools would receive their budgets for the three-year period between April 2008 and March 2011. Teachers' pay was the biggest cost for schools, and in the Department's view a three-year pay award was a key part of a regime of better financial planning. The Department sought a three-year pay award running from September 2008 to August 2011.

5.5 The Department said that, if benefits in terms of budget stability and predictability of teachers' pay were to be realised, it was important that schools could have a high degree of confidence that changes would not be made to a three-year pay award. This was particularly important in the context of tighter school budgets for the CSR period. The presumption must be that what was agreed would not be amended. STRB might nevertheless wish to consider whether any safeguards were needed to anticipate significant changes in circumstances. The Department's view was that any thresholds would need to be high ones, in the interests of maintaining the stability that schools required.

5.6 The Welsh Assembly Government considered that a three-year pay award for teachers would help underpin the improved financial planning, stability and certainty that it was seeking to achieve through the introduction of three-year budgets.

5.7 NEOST emphasised that if there were any changes in teachers' pay following any future review, this should be fully funded by the Government, and should not divert funds from other activities planned by local authorities.

5.8 RIG said that a three-year pay award linked to the introduction of three-year budgets would provide schools with increased certainty and stability to help them approach their forward financial planning and management confidently.

5.9 In their joint submission, ATL, NASUWT and PAT expressed the view that schools and teachers had benefited from the stability that the current pay award had provided. They noted that the proposed award would be the first three-year award for teachers and argued that the psychological impact of this on the profession should not be underestimated.

5.10 In a separate joint submission, ASCL, ATL, NASUWT and PAT made clear that STRB's response to developments in the current period would affect their position on a further multi-year pay award (paragraph 4.9). These parties also emphasised that a review mechanism was an integral part of a multi-year pay award, and sought a review mechanism linked to RPI, with no scope for discretion on the part of the Secretary of State. They did not seek an automatic uplift in teachers' pay should the mechanism be triggered, and acknowledged that STRB might conclude there was no case for any change.

5.11 NUT was opposed to multi-year pay awards for teachers and argued that it was not possible to assemble all the evidence that would be relevant for a multi-year period in advance of that period.

5.12 This notwithstanding, NUT said that any multi-year award should include appropriate provisions to protect teachers against pay erosion by inflation in excess of pay increases. Any review mechanism should automatically provide for STRB to undertake a review if the requisite conditions were met, and embrace time periods relating to all three potential dates on which pay increases might take place, to allow further increases to be applied to all or any of the recommended increases. NUT suggested that a review mechanism could permit a review in the event that RPI exceeded the level of the pay award on either a broadly annual or cumulative basis and suggested review periods of April 2008 to March 2009, September 2008 to August 2009, September 2008 to August 2010, and April 2009 to March 2010.

Level of pay award

5.13 As outlined in paragraph 5.3 above, among the factors to which the Secretary of State asked STRB to give particular consideration was the need to make our recommendations affordable within a context of a requirement for

responsibility in all public sector pay settlements. He suggested that STRB should base pay settlements on the achievement of the (CPI) inflation target of 2%; and have regard to the need for education funding to meet a range of priorities linked to school improvement.

5.14 The Department acknowledged that the level of the pay award and small changes for certain groups of teachers would determine overall paybill growth for teachers, but emphasised that the pay award must also support the Government's wider pay strategy and be affordable in the context of the Department's CSR settlement. This would be a period of tighter spending growth: it was important that pay growth was restrained so that it remained affordable, at the same time as targeted improvements were made to other elements of the total reward package. The Government relied on each Pay Review Body to recommend affordable pay awards leading to levels of pay that were sufficient to recruit, retain and motivate the respective workforces. In addition, Review Body recommendations had knock-on effects across the public sector, setting the scene for pay awards in other services.

5.15 The Department sought a headline pay award of a maximum of 2% in each year. It was confident that this would be sufficient to meet economic considerations while maintaining the status of the profession, and that it would allow the Department to meet recruitment and retention needs as well as issues around morale and motivation.

5.16 Teachers' representatives were concerned that a low-value pay award for teachers, especially for a three-year period, could lead to a decline in teachers' pay in real and relative terms, with adverse effects on recruitment, retention and morale.

5.17 In their joint submission, ATL, NASUWT and PAT argued for a substantial, above inflation (RPI) across-the-board pay award for the coming period. This, they argued, would build on progress made in recent years; sustain and enhance the upward trend in recruitment and retention; help raise educational standards by continuing to improve the morale and motivation of the workforce; deliver the Government's extensive change programme; prevent a return to a "boom and bust" approach to teachers' pay and conditions; continue progress towards rewarding teachers and leaders as highly skilled professionals; and maintain good national industrial relations. Without such a pay award, they argued, progress to date would be eroded, the confidence of the profession in workforce reform would be undermined, the sincerity of the Government's commitment to "new professionalism" would be questioned and delivery of planned change programmes jeopardised.

5.18 In response to the Department's proposals, NUT argued that STRB should not base pay settlements on the CPI inflation target: to do so would compromise STRB's independence and fail to take proper account of the needs of the education service. STRB should take into account a range of objective evidence. NUT argued that teachers, along with other public sector workers, were being singled out for low pay awards that would do nothing to improve the position of the profession in pay terms relative to comparable professions. In NUT's view there was no justification for this, and it was wrong

for the Government to force low pay awards on public sector workers. Another low pay award for teachers following a real terms pay cut during the period of the current award would lead to significant problems in terms of recruitment, retention, morale and motivation.

5.19 NUT sought a pay award of 10% or £3,000, whichever was greater, for all teachers. This, NUT argued, was necessary to reverse recent cuts in teachers' real and relative pay; to enable teaching to compete effectively with other graduate employers for new recruits and to retain existing teachers; demonstrate teachers' importance to society; and secure the high quality education service that was the Government's aim.

5.20 NUT also proposed the following changes to the pay system:

- merging of the main and upper pay scales into a single scale;
- pay progression solely on the basis of experience, properly recognising previous experience at the time of appointment;
- teachers' pay not linked to any measure of performance; and
- teachers' pay not linked to professional development or the acquiring of competencies, other than through promotion to posts of additional responsibility which require them.

5.21 NUT argued that these changes, along with its proposed level of pay award, would address inadequacies of the existing pay system and make a major contribution to addressing serious problems of recruiting and retaining teachers. The changes would encourage teachers to develop their skills and professionalism by offering opportunities for progression throughout teachers' careers, thus improving motivation and benefiting pupils. They would also remove uncertainty and administrative costs of performance-related pay and discretionary decisions on pay, which, NUT argued, currently had a damaging impact on morale.

5.22 UCAC suggested that teachers' pay award should correspond to rises in the RPI inflation rate in the preceding year. BATOD sought a significant, above-inflation (RPI) pay award. NGA and GW suggested that teachers' pay should increase in line with inflation.

Our views and recommendations

Headlines from our analysis

- The UK economy has continued to perform strongly and growth in the first half of 2007 was 3.25% up on a year earlier. A temporary slowdown is expected in 2008 and a resumption of higher growth from 2009 (paragraph 3.18).
- Inflation has slowed since April 2007. CPI was 1.8% and RPI 3.9% in September 2007. Independent forecasts suggest that CPI will be 2% and RPI 2.6% in the last quarter of 2008 (paragraphs 3.19 to 3.24).
- Median settlements in the wider economy were around 3% in 2006 but edged higher in the first half of 2007, although not to the same levels as RPI. Public sector settlements trailed those in the private sector (2.7% compared to 3.4% in the year to September 2007). Settlements are expected to remain at current levels over the coming months (paragraphs 3.25 to 3.27).
- Economy-wide earnings grew at just over 4% during 2006/07. Growth has since slowed and was 3.7% in August 2007 (private sector 4%, public sector 2.9%). Independent forecasts suggest that average earnings growth will be 4% in 2008 (paragraphs 3.28 to 3.29).
- Men are under-represented in teaching, although disproportionately high numbers of leaders are male. Ethnic minorities are also under-represented (paragraphs 3.33 to 3.36).
- The aggregate recruitment and retention situation continues to be healthy. Vacancy rates are low, although there is variation by location and phase, and wastage rates are stable. Recruitment to ITT has, however, tailed off slightly since 2004/05. These are lagging indicators (paragraphs 3.40 to 3.58).
- Nationally, teachers' minimum starting salaries are in line with the wider market (paragraphs 3.62 to 3.63).
- Teachers' median earnings grew considerably faster than inflation in the five years to 2002, making up ground on other professional occupations. Growth then slowed, but the relative position was maintained in broad terms, although we note a slight slippage against other professional occupations in the latest data (paragraphs 3.66 to 3.74).
- Pay drift is not currently contributing to earnings growth, so future growth in teachers' earnings is likely to be determined by the level of pay awards (paragraphs 3.72 to 3.74).

Multi-year award

5.23 In 2005, the majority of consultees supported a two-year pay award with a review mechanism and we observed that a substantial level of confidence existed in the principle of multi-year awards. This year, there is less commonality of view. The Secretary of State has proposed a three-year pay award for the period from September 2008 to August 2011. NUT continues to oppose multi-year pay awards. Other teachers' representatives are not opposed in principle to a further multi-year award, but their support seems to be contingent on three factors: the response to the review mechanism for the current pay award, the level of the pay award and the way in which the award is managed.

5.24 In addition, the Department and NEOST seek predictability and certainty about the costs of teachers' pay for the whole of the coming CSR period; whereas teachers' representatives' main concern is the value of the pay award to teachers, particularly in relation to inflation.

5.25 Our previous reports outlined some advantages and drawbacks of multi-year pay awards¹. We have revisited these considerations in the light of the present circumstances. In our view, the main advantage of a three-year pay award for teachers for the period from September 2008 to August 2011 would be to provide indicative information in advance about a key cost pressure for the Department, local authorities and individual schools and services, which would benefit financial planning. This could be a valuable benefit in the context of smaller increases in funding for schools than in previous years and schools' challenging delivery targets. A three-year award could also potentially release time and resources to devote to other pay policy and wider HR matters.

5.26 Our Fifteenth Report cited the fact that we appeared to be in an environment of low and relatively stable inflation as one of our reasons for endorsing a two-year award. That argument is less compelling this time. We note both the Treasury expectation that CPI will return to target by the end of 2007², and the statements by the Governor of the Bank of England emphasising his determination to get CPI back to its target³. We are, however, conscious that the general economic climate is more uncertain than in recent years, and that it is still too early to assess the full significance and impact of a range of recent developments in the financial and commercial world.

5.27 Against this background, the key drawback of a three-year award is that it would reduce the scope to keep a dynamic environment under review and respond promptly if the labour market situation changed adversely.

¹ STRB (2003) *Twelfth Report*, TSO (Cm 5715), Chapter 3; STRB (2003) *Thirteenth Report Part 1*, TSO (Cm 5987), Chapter 4; STRB (2005) *Fifteenth Report*, TSO (Cm 6663), Chapter 3

² HMT (2007) *Budget 2007*, TSO (HC 342), Chapter 2

³ Speech by Mervyn King, Governor of the Bank of England, at the Lord Mayor's Banquet for Bankers and Merchants of the City of London at the Mansion House, 20 June 2007

5.28 Overall, we are minded to recommend a further multi-year award, but it is even more important than previously to put a robust review mechanism in place. However desirable it may be for schools to have predictable forward costs, the lack of a meaningful review mechanism would shift the entire burden of risk onto individual teachers. Reasonable risk-sharing between employers and employees is an essential part of any multi-year award. If this cannot be achieved, then there will need to be a return to one or two year settlements.

Review mechanism

5.29 The review mechanism in place for the current pay award has proved less satisfactory than we originally hoped.

5.30 Some of the problems relate to timing: the first period specified in the review mechanism (April 2006 to March 2007) ended just before our next programmed pay review; while the second period (April 2007 to March 2008) will end shortly after the award for the next period has been settled. The nature of the review mechanism has been a source of contention in its own right and has also been misinterpreted, affecting consultees' and teachers' expectations. In addition, whilst the Secretary of State's exercise of his discretion over the scope and timing of our review was fully within his entitlements, the end result was not the method of operation that we envisaged when we recommended the review mechanism.

5.31 We do not think, therefore, that this kind of review mechanism is the right way to manage a further multi-year award, and have identified an alternative approach, as follows.

5.32 In addition to recommending a pay increase for September 2008, we will provide indicative increases for September 2009 and 2010, based on our assessment of the evidence that is currently available. We will later review the indicative pay increases for September 2009 and 2010 and report on this in June 2009. This mid-term review should be programmed and this Review Body remitted to carry it out as a matter of course, without reference to a trigger or to the Secretary of State's discretion.

5.33 Our review will look at all relevant evidence, including the full range of factors analysed in Chapter 3, for example the economic context, recruitment and retention, teachers' earnings and affordability. Since important factors are lagging indicators, we will look not only at evidence from the start of the award period in September 2008, but at all relevant evidence that becomes available from the time we submit this report.

5.34 There should not be any expectation that our indicative recommendations for pay increases in September 2009 and 2010 will necessarily change. As with our main reviews of teachers' pay, we will reach our views in the light of the evidence. Should there be a need for adjustment, however, submitting our report by the end of June 2009 should provide the Department and local employers with sufficient notice to implement any changes for the settlement to be paid to teachers on time. This timetable will enable us to take account of a range of evidence from early 2009 and is

consistent with the timing of other Review Body reports in relation to the relevant public sector settlement dates.

5.35 An obvious feature of this approach is that there will be a single, programmed review during the entire three-year period, as opposed to the potential annual triggering of the review mechanism for the current pay award. And there will be no scope for retrospective adjustment to teachers' pay: any changes would be made no earlier than September 2009. As noted above, the advantages of the current review mechanism have turned out to be more apparent than real. If applied to a three-year pay award, it would not, in our view, offer meaningful reassurance to teachers. It seems better to us to have a full review as a matter of course in the middle of the three-year period.

5.36 In summary, this approach provides for a programmed review by STRB as a matter of course, independent both of the Secretary of State's discretion and of developments with individual indicators. It will provide schools and local authorities with an early indication of teachers' likely pay increases in the later part of the CSR period, but will allow us and our consultees to take stock of the situation closer to the time of implementation, as a check to ensure that the levels of teachers' pay are indeed appropriate. It will provide the Department and local employers with sufficient notice to implement the 2009 and 2010 pay award, even if changes arise from the review. It will also be a good opportunity to review wider pay policy matters.

5.37 A review of this nature by this Review Body is a condition of our endorsement of a multi-year award. If the Secretary of State were unable to agree to our undertaking the review with the scope and timing outlined above, then only our recommendation for the single year from September 2008 would stand. We would then need to undertake a further pay review to determine teachers' pay awards from September 2009.

5.38 In either case, as highlighted in Chapter 1, we would find it helpful to discuss with the Department the timetable for our reports and its implications for evidence of relevance to our reviews of teachers' pay.

Pay award

5.39 As outlined above, we received a range of representations on the pay award. The Secretary of State proposed a three year award for the period between September 2008 to August 2011, with pay increases of up to 2% in each of the three years. NUT proposed a single-year award in September 2008 of £3,000 or 10%, whichever was greater, and changes in the design of the pay system. Other consultees did not propose specific increases: ATL, NASUWT and PAT sought substantial increases above RPI inflation; UCAC and governors' organisations sought increases in line with inflation. TDA emphasised the competitiveness of teachers' pay relative to other graduate professions and NEOST emphasised the importance of the pay award being affordable for local authorities.

5.40 In reaching our views on the appropriate level of pay award, we have given careful attention to consultees' analysis, summarised in Chapter 2 and have been guided by our own detailed analysis of a range of evidence, summarised in Chapters 3 and 4. In Chapter 3, we also outlined our approach to reviewing teachers' pay.

5.41 In the light of this, our general conclusion is that the current position is good. Recruitment is healthy, and wastage and vacancy rates are low and stable (paragraphs 3.40 to 3.58). Minimum starting salaries for teachers (M1) appear to be broadly in line with the relevant market at national level (paragraphs 3.62 to 3.63). Where there are issues, such as with the supply of secondary teachers of specific subjects or in certain areas, these generally require solutions within specific pay bands or at local level, rather than changes to national pay rates. We consider targeted pay measures in Chapters 6 and 7.

5.42 We are required, many months in advance, to make recommendations on teachers' pay to apply from September 2008, and up to four years into the future. Reliable economic forecasts are not available for the full period in which our recommendations will apply. The economic uncertainties are best dealt with by the robust review mechanism that we are recommending, rather than by attempts to second-guess indicators such as levels of inflation and economy-wide earnings growth.

5.43 A significant factor in our consideration is the position of the teachers' pay structure relative to the wider labour market, which we examined in detail in Chapters 3 and 4. As highlighted in Chapter 4, if teachers' pay rates are too low relative to the wider market, this could, over time, create problems with recruitment, retention, quality of teaching, professional standing, morale and motivation. Consultees have highlighted past examples that illustrate how difficult and expensive such problems are to correct (paragraph 2.33). Conversely, positioning teachers' pay at a higher level than necessary to maintain these factors would not be the most effective use of school funding, particularly at a time when growth in funding will be tighter than in recent years.

5.44 With reference to specific indicators, we highlighted in Chapter 4 that, although there had been no significant change in the short-term competitiveness of teachers' pay, the evidence suggested that teachers' median earnings have recently started to slip in comparison with other occupations (paragraph 3.66 and Figure 3.10); that teachers' most recent pay increase in September 2007 was lower than expected relative to wider settlement levels; and that growth in teachers' earnings in the current period is likely to be slower than growth in economy-wide earnings. This is important context in positioning the value of teachers' pay scales for the next period.

5.45 Looking forward, since pay drift is currently estimated to be negative and forecast to be negligible at most in the coming period, the pay award will be central to the relative positioning of teachers' pay.

5.46 We have not been able to establish what the overall demand for teachers in England or Wales will be in the coming period; but even if this should fall, the age profile of the profession brings into focus the need to sustain recruitment and retention. The latest evidence suggests a need to be careful on this point. There has been a tailing off in recruitment to ITT over the last couple of years, even when accounting for reductions in the number of training places. This pattern appears to be continuing in 2007/08: applications relative to the number of places are down compared to the same period last year (paragraph 3.44). There is also scope to improve retention of teachers in their early years in the profession (paragraph 3.50 and Figure 3.7).

5.47 In conclusion, our analysis of all the relevant evidence available to us at this time demonstrates that the overall position is currently good, with no signs of imminent problems on a significant scale. But, as noted, we need to give close attention to the positioning of the teachers' pay structure. Furthermore, specific indicators, particularly those on earnings, demographics and recruitment, signal the need for a measured approach. These factors have guided our judgement about the appropriate level of the pay award. They also highlight the value of our recommended review mechanism, since this will enable this Review Body and our consultees to monitor and evaluate the situation.

5.48 In our judgement, a pay award of up to 2% in each year from 2008 to 2010 would risk decline in the relative position of the teachers' pay structure to an extent that problems could arise in relation to recruitment, retention or quality. At a time when teachers will be engaged in delivering challenging targets and new programmes, teachers' morale and perceived status are also factors. But the labour market evidence does not, in our view, warrant an award at the levels proposed by teachers' representatives. We also doubt that these proposals, especially the higher ones, would be affordable.

5.49 In our view, a baseline award of 2.45% in September 2008, and indicative further increases of 2.3% and 2.3% in September 2009 and 2010 are appropriate. This level of award should be sufficient to protect the broad competitiveness of the teaching profession and mitigate the risks we have identified.

5.50 We are not persuaded by NUT's proposed changes to the design of the pay system (paragraph 5.20). Making length of service the sole determinant of teachers' pay progression and creating a long, single pay scale would give rise to equality problems in relation to age and gender and would be inconsistent with our vision and principles for the pay system. The proposals would also be expensive.

5.51 With respect to affordability matters, as highlighted (Chapter 1), we have concerns about the comprehensiveness of the information provided to us. We have taken account of all the available information, including increases to the levels of resource funding for the Department and forecasts of, at most, negligible pay drift. Overall, it is our assessment that the recommendations below are prudent and unlikely to raise affordability concerns.

5.52 Although the Department is understandably cautious about assuming savings in the costs of teachers' pay before they materialise, it is possible that other savings will off-set some of the costs of the pay award and of the planned changes in part-time teachers' pay arrangements. Savings could, for example, result from the expected reductions in the number of secondary teachers, the changing age profile of the teaching workforce and the ending of safeguarding for management allowances (paragraphs 3.39, 3.34).

5.53 **We recommend:**

- **an increase of 2.45% from September 2008 in the values of the main pay scale and upper pay scale for qualified teachers;**
- **that we undertake a review of teachers' pay for the period from September 2009 and submit a report by June 2009;**
- **contingent upon our undertaking a review on this basis, further indicative increases of 2.3% from September 2009 and 2.3% in September 2010 in the values of the pay scales.**

CHAPTER 6

Starting Salaries and the Four Pay Bands

Introduction

6.1 The Secretary of State asked us to consider for recommendation:

following the “Gateways to the Professions” report of November 2005 and the Government’s response, whether teachers’ starting salaries should be affected by the changes in student support identified in recommendation 16 of the report.

We understand that “starting salaries” refers to the minimum starting salary for teachers, which is point M1 on the main pay scale; and “student support” refers to the grants, bursaries and loans available to students on undergraduate and postgraduate (PGCE) ITT courses.

6.2 We were also asked to consider for recommendation:

whether any further modifications are required to the pay arrangements of any particular category of teachers, including those..... on regional pay bands.

Starting salaries

Context

6.3 In September 2006 there were changes in tuition fees and financial assistance for students¹. The arrangements for English and Welsh students training to be teachers are outlined below, including the changes. There are differences in the arrangements between the various routes into teaching. There are also differences between England and Wales, although the Welsh Assembly Government has emphasised that students get the same level of financial assistance overall in both countries.

6.4 Most people enter teaching after completing a PGCE.

- Prior to September 2006, tuition fees for PGCE courses were rare. In 2005/06, PGCE students received a one-off, tax-free training bursary of £6,000, or £7,000 for mathematics and science.
- In the 2006/07 academic year, PGCE students paid variable tuition fees of up to £3,000 in England and a fixed fee of £1,200 in Wales.

¹ The information in this chapter on fees and financial support for trainee teachers is from DCSF, the Welsh Assembly Government; TDA factsheets <http://www.tda.gov.uk/upload/resources/pdf/f/funding_diagram.pdf>; and Direct Government factsheets: <http://www.direct.gov.uk/en/EducationAndLearning/UniversityAndHigherEducation/StudentFinance/StudentFinanceFactsheets/DG_10034880>

- In the 2007/08 academic year, PGCE students paid variable fees of up to £3,070 in England and Wales. Students in Wales received a non-means-tested fee grant of up to £1,845, meaning that the most they would have to pay towards their fees was £1,225.
- Since 2006/07, PGCE students in both countries have received a non-means-tested maintenance grant of at least £1,200. Some students can receive up to £2,765 (2007/08) for maintenance on a means-tested basis.
- PGCE students training in a secondary priority subject² in England receive a one-off, tax-free bursary of £9,000; trainees for other secondary subjects receive £6,000, as do trainees for primary teaching. The primary bursary is due to reduce to £4,000 in 2008.
- PGCE trainees in secondary mathematics and science in Wales receive a one-off, tax free, training grant of £7,200; other trainees receive £4,200. The training grant for primary teaching is due to reduce to £2,200 from September 2008³.

6.5 For those entering teaching by completing an undergraduate degree:

- Between 1998 and 2005/06 students on undergraduate degree courses incorporating training for QTS paid fixed fees for each year of their course (£1,225 for the 2005/06 academic year). Students could apply for means-tested grants towards tuition fees and maintenance. They were not eligible for bursaries.
- Since September 2006, undergraduate students have paid variable fees for each year of their course. Undergraduates can apply for means-tested maintenance grants for each year of their course – up to £2,765 for 2007/08 – but as before are not eligible for bursaries. Special support grants are paid to students in receipt of social security benefits.
- In England, students who receive the full maintenance grant or special support grant receive bursaries ranging in value from £300 to £3,000.
- In Wales, some students training in secondary priority subjects receive a placement grant of £1,000 from the Higher Education Funding Council for Wales.

6.6 Trainees on employment-based ITT schemes do not pay tuition fees. They receive a salary, but not grants or bursaries.

² Secondary priority subjects in England are currently applied information and communications technology (ICT), applied science, dance, design and technology, drama, engineering, English, manufacturing, mathematics, music, religious education and science. From 2008, English will cease to be a priority subject.

³ The value of training bursaries for teachers is different between England and Wales. In Wales, the value of bursaries takes account of the additional £1,845 non-means-tested fee grant which students in Wales receive. The Welsh Assembly Government has explained that students in both countries receive a comparable level of financial support overall.

6.7 Arrangements for student loans have also changed. Since September 2006, students on PGCE and undergraduate courses have been able to borrow a higher sum than previously to cover variable fees, plus an additional sum for maintenance, up to a maximum depending on where they live and their means. Repayments start when the graduate's salary reaches £15,000 and have a value of 9% of earnings above £15,000. Interest is charged, linked to RPI.

6.8 In the context of the planned introduction of variable tuition fees and changes in student support measures, the Government commissioned an independent report, *Gateways to the Professions*⁴, about how employers and the professions⁵, particularly in the public sector, could sustain and improve recruitment of graduates.

6.9 The sixteenth recommendation in the Report was that Pay Review Bodies be asked to monitor the introduction of variable fees and new student support measures on recruitment and retention and whether additional forms of support (for example bursaries and golden hellos) should be considered, particularly for those who did not receive a full grant of £2,700 plus a bursary. It also suggested that Review Bodies be asked to identify instances where the effect of student debt was to strengthen the case for higher starting salaries in key professions⁶.

Existing starting salaries and other financial recruitment incentives

6.10 The six-point main pay scale spans from £20,133 (M1) to £29,427 (M6) in band D; and from £24,168 to £33,936 in band A⁷. Schools have discretion to start teachers higher up the main pay scale to recognise experience other than employment as a classroom teacher which they consider to be of value to the performance of the teacher's duties⁸. They also have discretion to award double increments for excellent performance and to provide locally-designed recruitment incentives, which may include benefits as well as pay.

6.11 Teachers who successfully complete a PGCE and induction in a secondary priority subject receive a golden hello payment in England or teaching grant in Wales⁹. These payments are outside the scope of the STPCD: their values are determined by the Department and the Welsh Assembly Government. The value of the golden hello payment for mathematics and science is currently £5,000 for those who undertook a PGCE in the 2006/07 academic year or later. The value of the payment for other secondary priority subjects is being reduced: teachers who started their PGCE before the

⁴ Langlands, A. (2005) *The Gateways to the Professions Report*, DfES

⁵ *Gateways to the Professions* defined "professions" as occupations normally entered after a first degree and a period of further study or training and where a professional body oversees standards of entry. The report paid particular attention to professions in the public sector.

⁶ Ibid. recommendation 16

⁷ September 2007 values.

⁸ DCSF (2007) *School Teachers' Pay and Conditions Document 2007 and Guidance on School Teachers' Pay and Conditions*, paragraph 18.2.1(b)

⁹ Trainees from undergraduate ITT courses and employment-based schemes are not eligible for golden hello payments. The payments are subject to tax and national insurance. Information from TDA: <www.tda.gov.uk/Recruit/becomingateacher/fundingitt/goldenhellos.aspx?keywords=golden+hellos>

2006/07 academic year will receive a £4,000 golden hello on completion of induction; those starting later will receive £2,500.

Representations from consultees

6.12 Consultees drew on their analyses of recruitment and teachers' earnings summarised in Chapter 2. Most consultees were not in favour of a higher increase in the value of M1 than the general pay award.

6.13 The Department referred to RIG's analysis, which it said did not support a differential increase in the value of M1. The Department argued that such an increase would lead to a costly deadweight in the system, with potential to add further cost pressures on the rest of the main pay scale. Squeezing differentials on the scale could also lead to de-motivation for teachers in years two to five.

6.14 The Department submitted analysis of student loans and debt for England, which argued that the degree of debt that students in England were likely to have at the end of their courses was significantly less than frequently alleged, and that debt resulting from student loans was different from that associated with credit cards or other loans.

6.15 RIG argued that any rise in the value of M1 relative to other points on the scale would reduce or extinguish the differential between M1 and M2, which could create pressures throughout the main scale and upper scale and have a negative effect on retention and morale, particularly in the early years of teachers' careers. RIG argued that previous measures had been a major step forward, in particular shortening the main scale and making the initial points on the main scale comparable with other graduate professions. There was no evidence that the current minimum starting salary (M1) was set at an inappropriate level.

6.16 TDA argued that starting salaries should remain sufficiently competitive to attract sufficient numbers of able and committed trainees into teaching. Headline starting salaries, which for publicity purposes had to be the minimum of the scale (M1), were important in promoting teaching and competing with other significant employers of graduates. TDA also argued that starting salaries were influential in prospective teachers' career choices. Competitive starting salaries were also important in maintaining the "new professionalism" agenda. TDA recognised that a differential increase in M1 would imply marginally smaller increases further up the scale, which carried a small risk of negative impact on retention, but considered that the benefits of attracting high calibre entrants to the profession were important. TDA also argued that pay was less of a factor in retention than in recruitment.

6.17 TDA planned to monitor the extent to which other graduate employers offered compensation for the cost of variable fees. At this stage, TDA did not consider it appropriate to offer a general incentive to all new teachers to compensate for these costs. TDA had been asked to consider how to ensure that schools serving areas of high disadvantage had good-quality teachers and

was due to report to the Department later in 2007¹⁰. One of the approaches under consideration was using golden hello payments to encourage trainees to work in schools facing the most challenging circumstances.

6.18 ATL, NASUWT and PAT believed that the issue of student and new teacher debt was a serious problem and required urgent consideration outside the STRB process.

6.19 NUT argued that starting salaries were important for teaching to compete effectively with other graduate employment and in providing proper, professional levels of pay. Drawing on its analysis, NUT argued that there was a significant gap between starting salaries for teachers and those for other graduates, which needed to be closed if teaching was to compete effectively and recruit the high proportion of graduates that were needed every year. NUT said its wider proposals on pay and the pay structure would effectively address this (paragraphs 5.19 and 5.20).

6.20 UCAC argued that student debt and student fees should be dealt with at source: it highlighted the Welsh Assembly Government's approach to student fees and suggested that golden hello payments and bursaries were also helpful. UCAC considered that pay and conditions were important in people's perceptions of teaching as a career. But increased starting salaries, golden hello payments or bursaries would not themselves attract graduates into the profession: teachers' pay should be looked at in its entirety.

6.21 BATOD argued that teachers' starting salaries should be set at a higher level in order to compete with other professions to recruit high achievers with appropriate skills into specialist teaching. BATOD also made wider points about the recruitment and training of teachers specialising in SEN.

Our views

6.22 The key considerations of relevance in relation to this part of our remit are the context, summarised above, recruitment data and evidence on teachers' starting salaries in comparison with starting salaries for graduates who do not enter teaching. We also recognise the value of the minimum starting salary (M1) in marketing the profession to graduates.

6.23 Our analysis shows that the number of recruits to teacher training has continued to be high in recent years, albeit with slight reductions since the recent peak in 2004/05 and levels in some areas falling below target (paragraphs 3.41 to 3.48). We also note that, nationally, the minimum starting salary for teachers is at a level close to that for graduates entering other professional occupations (paragraphs 3.62 to 3.63).

6.24 At this stage, it is too early to evaluate the effects of the recent changes in tuition fees and student support arrangements on recruitment to teaching. We will, of course, continue to monitor recruitment in future reports.

¹⁰ Remit letter from Alan Johnson, Secretary of State, to TDA, March 2007

6.25 The pay award that we have recommended should be sufficient to maintain the competitiveness of teachers' minimum starting salaries in bands C and D. As our previous reports and consultees have highlighted, there is a range of local flexibilities in the pay system for schools to offer additional recruitment incentives should local circumstances make this appropriate.

6.26 Our views and recommendations on starting salaries for teachers in bands A and B are below.

Four pay bands

Context

6.27 For many years, the pay system has included four geographical pay bands. Teachers in inner London (band A), outer London (band B) and the fringe (a number of districts circling London, which are in the South East and East of England regions) (band C) have received additional pay. Prior to 2003, all teachers employed in these areas received fixed allowances¹¹. In 2003, following our recommendations, separate pay scales were introduced for inner London, including enhancement to the value of the upper pay scale and the leadership group spine as retention incentives¹². In 2004, separate pay scales for outer London and the fringe were introduced. In 2005, teachers in outer London received a higher pay award than teachers elsewhere and minimum starting salaries (M1) in both inner and outer London were enhanced.

6.28 In 2004, we analysed pay differentiation practice in other organisations and the labour market for teachers. A principal finding was that the pay system did not provide for schools outside London and the fringe that faced persistent labour market difficulties. Pay bands based on geography did not necessarily reflect local labour markets and had boundary effects. We highlighted that a range of factors – not just differences in teachers' cost of living – could disadvantage schools in the labour market, including pupil intake, physical location and the availability of alternative job opportunities for graduates. We took the view that the key issue was the impact these factors had on recruitment, retention, vacancies and turnover¹³.

6.29 We therefore proposed a more flexible approach, in which the four pay bands would not be confined solely to specific geographical areas and would be named neutrally¹⁴. Schools facing persistent recruitment and retention problems, having exhausted other means of resolution, could apply to their local authority to be moved to a higher pay band. Since then, we have referred to the four pay bands as bands A to D in our reports.

6.30 There was concern on the part of consultees about moving away from the existing arrangements. In our Fifteenth Report, we concluded that there was no appetite for major change and assumed that in due course the Department would evaluate the effectiveness of the present four pay bands

¹¹ DfES (2002) *School Teachers' Pay and Conditions Document 2002*

¹² STRB (2003) *Twelfth Report*, TSO (Cm 5715), Chapter 4

¹³ STRB (2004) *Thirteenth Report Part 2*, TSO (Cm 6164), Chapter 4

¹⁴ *Ibid.*

and existing local pay flexibilities and ask us to consider changes¹⁵. We also recommended adjustments in the values of certain points of the main and upper pay scales in bands A and B to improve consistency and differentials within and between the pay bands. Our recommendations were accepted and the adjustments were implemented in 2006 and 2007.

6.31 In successive reports, we have emphasised the range of existing local flexibilities in the pay system and the scope for schools to use these as part of their local recruitment and retention strategies. We have been concerned that insufficient use is being made of these flexibilities. As noted in Chapter 1, our Sixteenth Report identified the key issues requiring attention and recommended that the Department undertake a programme of action to secure a significant increase in the use of the flexibilities to address local teacher shortages in priority subjects¹⁶.

Representations and analysis from consultees

6.32 Several consultees noted that the vacancy rate in London in January 2007 was 1% compared to the England average of 0.6%. But the rate had continued to decline since a peak of 3.5% in 2001.

6.33 The Department considered that there were continuing problems in London in terms of its higher vacancy rate, though on an improving trend. There were significant variations between regions in comparisons between teachers' average pay and average graduate pay: this was most extreme in London, but was also significant in the South East and, to a lesser extent, the East of England.

6.34 The Department referred to the Labour Cost Adjustment, a measure of differences in wage costs between areas¹⁷, and suggested that this was an important measure of wage levels of relevance to the competitiveness of teachers' pay. There was some volatility, but there was evidence that some areas bordering London - but not in the fringe pay band - had marginally higher labour costs than parts of outer London. Vacancy rates for these areas appeared to vary and were generally above average. The Department intended to monitor the situation in London, the South East and potential hot spot areas elsewhere that may emerge in the future.

6.35 The Department emphasised that regional and local pay allowed resources to be targeted in areas where they were needed most. This, it said, was the rationale for the current pay bands. It argued that the average earnings of teachers had been boosted in recent years, and that teachers' pay was more than sufficient to maintain current low vacancy levels in every region except London and the South East. There may be pockets where the award may not meet recruitment and retention needs: this should be tackled by local use of existing flexibilities. Local authorities and schools had considerable flexibility over pay and benefits to recruit and retain high quality teachers and

¹⁵ STRB (2005) *Fifteenth Report*, TSO (Cm 6663), paragraphs 5.54-5.70

¹⁶ STRB (2007) *Sixteenth Report*, TSO (Cm 7007), paragraph 2.51

¹⁷ DCLG (2005) *Methodology Guide for the Area Cost Adjustment 2006/07 and 2007/08*: <<http://www.local.odpm.gov.uk/finance/0708/acameth.pdf>>

respond to local labour market conditions. The framework was also in place to enable local arrangements for teachers to benefit from salary sacrifice schemes¹⁸.

6.36 The Department did not, therefore, propose changes to the current banding structure or existing differentials in pay within the structure. It argued that there would be difficult issues to consider if changes to the boundaries of the four pay bands were contemplated, such as the effects on teachers' salaries and volatility of wage costs. Due to the unsettled picture, it did not seem appropriate to take immediate action. The Department suggested that further study might be needed in the future.

6.37 RIG provided the following analysis:

- In recent years, there had been greater improvement in teachers' earnings in cash and real terms in London than elsewhere, which reflected more competitive labour market conditions and cost of living pressures.
- The difference in cash value between M6 and U1 in inner London was 58% greater than the difference between the same points of the pay scales in England and Wales (September 2007 values). Teachers in inner London would collect larger pay increases on progressing through the threshold than teachers in England and Wales. But following adjustments to the main pay scale in outer London, the difference in value between M6 and U1 was smaller in outer London than elsewhere.
- ASHE data demonstrated that on average, teachers' pay compared favourably with average graduate pay throughout England, except in London, the East of England and the South East. This reflected higher salaries in and around the capital to attract and keep top people in various professions.
- In most London boroughs, the proportion of unqualified teachers equalled or considerably exceeded the average for England.
- Overseas-trained teachers played an especially valuable role in schools in London and cities in the South East.

6.38 RIG emphasised the importance of the national framework of pay and conditions and referred STRB to its 2005 representations¹⁹. In RIG's view, the position remained broadly the same as in 2005, and evidence was not sufficient for further moves in the direction of regional or local pay. The best way to support and embed changes to teachers' pay and conditions was, in RIG's view, to retain the national framework and encourage the use of existing local pay flexibilities.

6.39 The Welsh Assembly Government agreed with the Department and RIG that there was insufficient evidence at present for any further moves in the direction of regional or local pay; and that the right course of action at this

¹⁸ DCSF (2007) *School Teachers' Pay and Conditions Document 2007 and Guidance on School Teachers' Pay and Conditions*, Section 2, paragraph 55

¹⁹ RIG's 2005 representations were summarised in op.cit STRB (2005) *Fifteenth Report*, paragraphs 5.58 and 5.59.

time would be to secure an increase in the use of existing flexibilities. The Welsh Assembly Government re-iterated the view that a move away from consistent rates of pay across England and Wales would be undesirable and outlined reasons for this.

6.40 TDA highlighted AGR data which it said showed that trends in starting salaries for graduates were substantially different in London and median starting salaries were higher.

6.41 NUT argued that problems of teacher supply could be seen across England and Wales, but continued to be particularly severe in London and the fringe. NUT considered the high cost of housing in the London and fringe areas compared to teachers' pay was a major factor in teacher supply and the reason why many teachers left London. High travel costs and lengthy, stressful journeys to work were also disincentives. NUT emphasised that teachers working in and around London all faced additional costs, irrespective of grade or experience; and that the population in London was increasing, which would increase the demand for teachers.

6.42 NUT argued that current differentials in salary for teachers in London and the fringe were not sufficient to reflect the additional costs of living and working in those areas. Recent increases for inner London had not addressed equally pressing problems in outer London and the fringe; and teachers on the upper pay scale received a higher inner London pay differential than colleagues on the main pay scale. NUT argued that the pay system was failing to prevent a drain of teachers to other parts of the country.

6.43 NUT proposed the abolition of the current, separate pay scales and the restoration of separate allowances, proposing values of £7,000 for inner London, £5,000 for outer London and £2,000 for the fringe. These values would, NUT argued, restore past relativities and reflect the relative costs of housing and transport. NUT argued that these changes, combined with NUT's proposed pay award, would help to address problems of teacher supply as part of a comprehensive solution which should also include housing and childcare programmes. NUT did not believe there was justification for changes to the regional pay bands or geographical boundaries and re-iterated its longstanding opposition to regional and local pay.

Our analysis

6.44 Our analysis in Chapter 3 discussed the national position. We will now focus on regional and local level data.

Demographic changes and demand for teachers

6.45. As highlighted in Chapter 3, trends in pupil numbers are not consistent across England and Wales: pupil numbers have been falling in most regions, but this has not happened in London and the South East. As noted, the Department has not advised on what demographic changes will mean for the future demand for teachers. It seems likely, though, that demand for teachers in these regions will increase.

Recruitment and retention

6.46 As consultees have highlighted, labour markets are more challenging in some areas than others.

- Vacancy rates in London remain the highest, although they have been declining since 2001, as has the national rate. The gap between the vacancy rate for London and the national rate has also narrowed.
- The overall vacancy rate of 1% for London in January 2007 can be broken down: the rate for inner London is 1.3%, nearly double the rate of 0.7% for outer London, which is much closer to the national average.
- Special schools in London and the East of England have the highest rates (3.7% in inner London, 2.5% in outer London and 2.4% in the East of England).
- The regions with next highest vacancy rates are the East of England (0.7%), the South East (0.6%) and the West Midlands (0.6%)²⁰.
- At a local level, 27 local authorities had vacancy rates at least double the national average in 2006: ten of these were in band A, six in band B, three in band C, five in other parts of England and three in Wales²¹. This demonstrates that local challenges are not confined to London.

6.47 As noted in Chapter 3, vacancy data have limitations and can mask coping strategies in response to recruitment and retention challenges. The employment of supply teachers, “unqualified” teachers or secondary teachers taking classes in subjects other than their specialism may all sometimes be used as coping strategies, although there may be other factors at play. It is likely that these strategies are more prevalent in London than elsewhere. As RIG has highlighted, for example, the presence of “unqualified” teachers is most pronounced in London.

6.48 London, the South East and East of England have the highest turnover and wastage rates for full-time teachers. The picture for part-time teachers is different, with the highest turnover and wastage rates in the Midlands, East of England and Wales²².

6.49 We have noted in previous reports that retention of teachers is more challenging in London and the fringe, and particularly in inner London. This is reinforced by the latest pay survey data (see below). It seems that teachers who start their careers in and around London are less likely to remain there in the long term, and relatively few experienced teachers move to work in the capital. There are therefore fewer experienced teachers in London and the fringe, particularly in inner London. As noted in previous reports, this is likely to have negative effects, including on recruitment to senior roles and the quality and continuity of teaching for pupils.

²⁰ DCSF (2007) Third submission to STRB, Tables C1-C5. See Appendix B for details.

²¹ Derived from DfES (2006) *Statistical First Release 37/2006 School Workforce in England*

²² Op.cit. DCSF, Third submission to STRB, Table B2

6.50. It is also the case that the availability of alternative employment opportunities for graduates varies by location, with the most opportunities available in London.

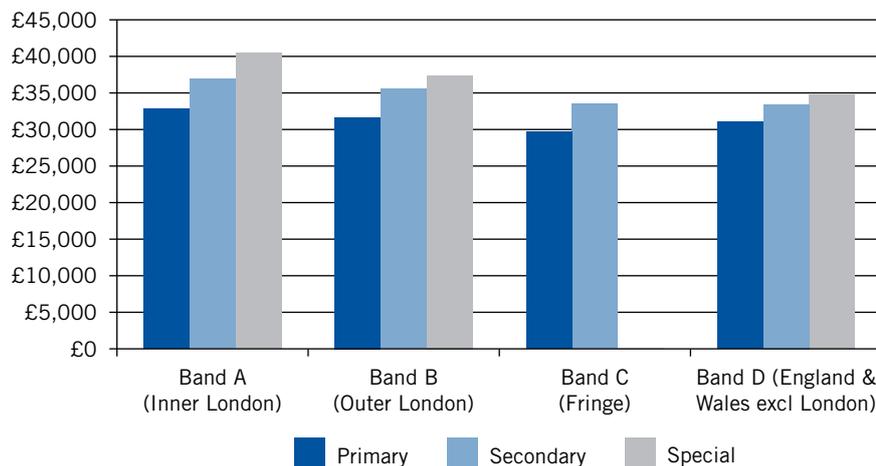
Teachers' earnings

6.51. Our analysis of recent survey data suggests that there are marked differences between the four pay bands in the distributions of teachers on the main and upper pay scales:

- an estimated 45% of all classroom teachers (and 52% of primary teachers) in band A are in their first five years of teaching (spine points M1-M5). The corresponding figure for band D is 33% (35% of primary teachers); and
- only a minority of primary and secondary teachers in bands A to C are on the upper pay scale, unlike the rest of England and Wales:
 - in bands A to C, some 10% fewer secondary teachers and 15% fewer primary teachers are on the UPS than in band D;
 - less than a third of primary teachers in Inner London are on the UPS²³.

6.52 As well as highlighting retention issues, these factors mean that, in some cases, the differential between teachers' median earnings in bands A and B in comparison with band D is smaller than might initially be assumed given the differences in the pay scales (see Figure 6.1). This is particularly the case in primary schools, where the differences in median earnings between pay bands are small.

Figure 6.1 Median full-time classroom teachers' earnings, 2007²⁴



Note: No data available for special schools in the fringe

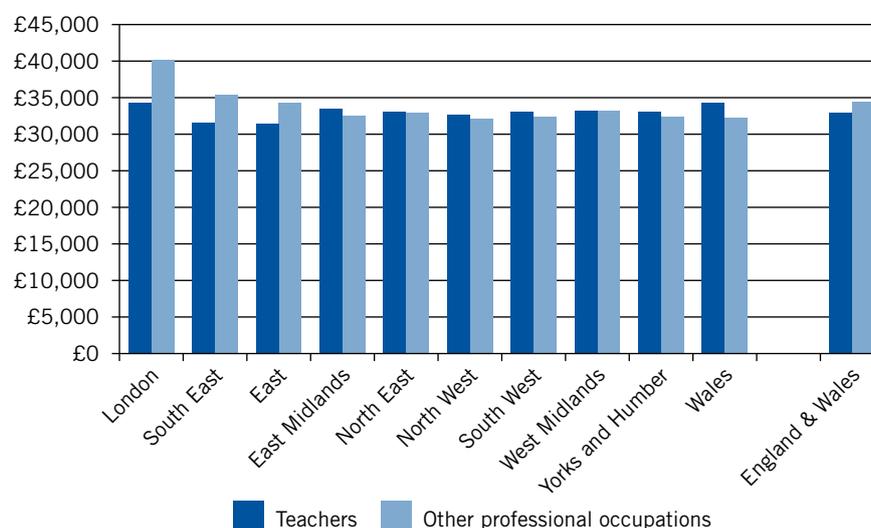
²³ ORC (2007) *Survey of Teachers' Pay 2007*, OME

²⁴ Ibid.

6.53 Our analysis of starting salaries shows that graduates working in London enjoy significantly higher starting salaries than in the rest of England and Wales, reflecting the competitive graduate labour market in the capital. Different data sources gave average starting salaries in London ranging from £24,000 to £27,500 in 2006²⁵. This was above the September 2006 minimum starting pay for a teacher in band A (£23,577) and more significantly exceeded the minimum for band B (£22,554).

6.54 Looking at teachers' median earnings in comparison with other professions by region, Figure 6.2 shows that teachers' earnings trail those of other professional occupations in London, the South East and the East of England.

Figure 6.2 Teachers' median earnings compared to other professional occupations, 2006²⁶



6.55 Initial survey evidence on TLR payments suggests that these are most commonly used in London and least so in the South West of England and in Wales. The highest value TLR payments are also used most often in London. Local financial recruitment and retention incentives are used far more often in inner London than elsewhere. They are also relatively common in outer London, the South East and the East of England²⁷.

Summary

6.56 Against a background of improvement in recent years, recruitment and retention continues to be more difficult in London, the East of England and the South East than in other areas, although local challenges are not confined to these regions. We have shown that while minimum teaching starting salaries are competitive for most of the country, this is less true in London. Teachers'

²⁵ OME analysis of AGR Graduate Recruitment Surveys and HESA Destinations of Leavers from Higher Education (DLHE) Survey. HESA cannot accept responsibility for any inferences and conclusions derived from the data by third parties.

²⁶ OME analysis of ONS Annual Survey of Hours and Earnings (ASHE) data.

²⁷ Op.cit. ORC, *Survey of Teachers' Pay 2007*

median earnings in London, the South East and East of England trail those of other professional occupations. Overall, our analysis suggests that the most challenging labour market of all for teachers is inner London, which has the highest vacancy rates, most difficulty in retaining teachers and faces major competition for recruits from other employers.

Our views and recommendations

The four pay bands

6.57 Our previous reports have emphasised that, assuming adequate baseline salaries across England and Wales, local labour market circumstances – not simply the geographical location of schools or the costs of living – should determine which teachers receive additional pay. This principle has guided our previous recommendations on the values and internal structure of teachers' pay scales in each of the four pay bands within the national framework. We have also highlighted and encouraged the appropriate use of the extensive range of local pay flexibilities in responding to local challenges.

6.58 At present, the four pay bands continue in practice to apply to the geographical boundaries of inner London, outer London and the fringe of districts immediately surrounding London. These arrangements are longstanding and have not been reviewed for many years. In recent years, we have observed that they provide scope for broad pay differentiation on labour market grounds, but that if geographical boundaries were drawn today, they might look different²⁸. We have also highlighted that the present arrangements do not address the situation of schools outside London and the fringe facing persistent difficulties with recruitment and retention, and we have made suggestions about how the arrangements might be improved²⁹.

6.59 In our view the system of four pay bands, with separate pay scales in each band, is still the right one, but we remain concerned that it is not helping to address persistent, localised difficulties. Local flexibilities alone, even if these are used more effectively than at present, are not the whole answer to this. It is also unclear whether or not the schools and local authorities located within the existing boundaries for bands A to C are, in fact, all facing the most challenging labour market circumstances. In the context of limited resources and the continued drive in schools to improve education for pupils, it is important that additional investment in teachers' pay is well targeted.

6.60 We therefore think that the Department, in consultation with interested parties, should evaluate the effectiveness of the present arrangements and consider what changes may be needed to ensure that the four pay bands within the national pay system effectively help those areas facing the most significant local labour market challenges. Among the matters that should be considered are:

²⁸ STRB (2004) *Thirteenth Report Part 2*, TSO (Cm 6164), Chapter 4

²⁹ *Ibid*

- what the basic constituent units (areas) included in the four pay bands should be (local authorities, districts, wards, or individual schools);
- whether the existing basis of geographical boundaries for the inclusion of areas in different pay bands is effective or whether there should be different criteria, for example local labour market circumstances;
- whether there are any areas currently in bands B, C or D that should be in a higher band; or in bands A, B or C that should be in a lower band;
- what the process should be for determining which areas are included in each pay band; and for moving areas from one pay band to another when appropriate.

6.61 Now is a good time for this work to be done, since the Department is reviewing the method by which allocations of the Dedicated Schools Grant (DSG) are made, with a view to making changes and returning to a formula-based approach for allocating the DSG from April 2011³⁰. A sensible time for us to consider the outcomes of the work we are recommending would be 2009, alongside the mid-term review we have proposed for the pay award. This should allow any resulting changes to the pay system to be taken into account in the funding review and implemented alongside revised funding arrangements.

6.62 The work may also highlight matters in relation to local pay flexibilities, but the main focus should be on the pay bands. The priority in relation to local flexibilities should be to progress a programme of action to secure a significant increase in their use, as the Department has agreed to do in response to our Sixteenth Report³¹.

6.63 In recommending a review, we wish to emphasise that we are not seeking a radical new system of regional or local pay. The broad features of the current system work reasonably well and still seem sound in principle. Our aim is to tackle an obvious flaw in the current system, namely its inability to respond to the needs of schools with notable and sustained recruitment and retention problems. We do not have specific changes in mind at this stage. We still see advantages in the model that we proposed in 2004³², though we also recognise the practical issues that consultees have raised. In due course, we would welcome detailed comments on our earlier proposal as well as suggestions on overcoming the practical issues. We would also welcome suggestions of alternative ways of the pay system targeting pay resources more effectively on hot spot areas.

³⁰ DCSF (2007) *Dedicated Schools Grant Review: Terms of Reference*. Information is available at: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11686>>

³¹ Op.cit. STRB, *Sixteenth Report*, paragraph 2.51; HC Deb (2006-07) 456, written answers column 30WS

³² Op.cit. STRB, *Thirteenth Report Part 2*, Chapter 4

Pay award in the four pay bands

6.64 Turning to the immediate matter of the pay award from September 2008, the evidence suggests that there is a case for further targeted pay measures to address particular labour market challenges in London.

6.65 As outlined above, teachers' minimum starting salaries are less competitive in the capital, and the labour market continues to be most challenging for schools in London, and especially inner London, which has the highest vacancy rates and most difficulty in retaining experienced teachers.

6.66 In this context, uplifting M1 in bands A and B in line with the general pay award that we have recommended would not be sufficient to maintain the competitiveness of teachers' starting salaries. It is important that throughout the upcoming period the minimum starting salary remains competitive in order to support recruitment of excellent graduates to schools in London, especially given the need to replace teachers who leave, the potential for demand for teachers to increase, and the particular challenges faced by schools in the capital. A minimum starting salary (M1) of £24,000 for new teachers in band B and £25,000 in band A from September 2008, increasing to £27,000 in band A by September 2010, would be competitive, eye-catching and attractive, supporting recruitment of excellent graduates.

6.67 We are also recommending consequential adjustments to points M2 and M3 in bands A to B, so that teachers who enter the profession on the minimum starting salary of M1 will progress at a consistent rate and continue to receive substantial annual pay increases in their early years in the profession, assuming satisfactory performance. This will help to retain new teachers and will maintain the internal integrity of the main pay scale in these two pay bands.

6.68 As outlined above, the recruitment of experienced teachers to London and the retention of teachers who begin their careers in the capital continue to be problematic, particularly in inner London (band A). We remain concerned about the potential negative effects this could have on schools and pupils (paragraph 6.49). In our view, further financial incentives are necessary to help recruit and retain good, experienced teachers in band A. We are therefore recommending enhancement in the value of the upper pay scale in band A, to provide larger increases in salary for experienced teachers who meet the required professional standards and move to or remain in schools in inner London. As well as benefiting teachers, this should help local employers, for example with recruitment and retention and developing a good pool of candidates for senior teaching and leadership group posts. It should also benefit pupils, for example through greater continuity of teaching.

6.69 At present, teachers progressing through the threshold to the upper pay scale (from M6 to U1) in band B receive a smaller cash pay increase than teachers in the other pay bands. Teachers at U1 in band B also have a smaller pay lead in percentage terms over teachers at the same career stage in band D than enjoyed by teachers on the main pay scale. To help recruit and retain experienced teachers in band B, bring the value of the upper pay scale relative

to the main pay scale more into line with its value in the other pay bands and preserve a pay lead for teachers in band B at a consistent level throughout their classroom teaching careers, we are also recommending enhancement in the value of the upper pay scale in band B in September 2008.

6.70 As with the recommendations for 2009 and 2010 in Chapter 5, our recommendations for the latter two years of the pay award are indicative, for review by this Review Body as part of the review of teachers' pay in 2009.

6.71 We estimate that overall, these changes will cost just over £19 million in the 2008/09 academic year, and a further £7.4 million and £7.8 million in 2009/10 and 2010/11³³.

6.72 There is only limited evidence of particular labour market challenges in band C over and above other localities, for example areas outside the fringe in the South East and in hotspots elsewhere. The salary lead over band D is also broadly consistent at all points of the main and upper scales. So we do not propose any adjustments in teachers' salaries in this pay band.

6.73 We are not persuaded by NUT's proposal to replace the different pay scales in each band with flat allowances for all teachers in each band (see paragraph 6.43). Our previous reports outlined the rationale for replacing fixed allowances with separate pay scales³⁴; and as outlined above, local labour market circumstances – not the costs of living – should determine which teachers receive additional pay. Fixed allowances would also remove the scope for targeted recruitment and retention incentives within individual pay bands, such as the higher value of M1 and U1 to U3 in band A.

6.74 **We recommend that:**

- **the Department, in consultation with interested parties, review the current structure of the four pay bands to ensure that they effectively help those areas facing the most significant local labour market challenges, having particular regard to the following matters:**
 - **what the basic constituent units (areas) included in the four pay bands should be;**
 - **whether the existing basis of geographical boundaries for the inclusion of areas in different pay bands is effective or whether there should be different criteria;**
 - **whether there are any areas currently in bands B, C or D that should be in a higher band; or in bands A, B or C that should be in a lower band;**
 - **what the process should be for determining which areas are included in each pay band; and for moving areas from one pay band to another when appropriate;**

³³ Estimates include on-costs. Actual costs will depend on the number and distribution of classroom teachers each year. After implementation of the pay award, costs will recur in subsequent years.

³⁴ For example op.cit. STRB, Twelfth Report, Chapter 4

- the conclusions of this work be referred to this Review Body for consideration and recommendation, in time for any consequent changes to the pay system to be taken account of in revised school funding arrangements in England from April 2011.

6.75 We recommend:

- a minimum starting salary (M1) of £25,000 for teachers in band A and £24,000 for teachers in band B and consequential adjustments to the main pay scale in these pay bands from September 2008;
- enhancement in the value of the upper pay scale in bands A and B from September 2008; and
- subject to our review of teachers' pay;
 - an indicative minimum starting salary (M1) for teachers in band A of £26,000 from September 2009 and £27,000 from September 2010 and consequential amendments to the main pay scale in band A;
 - further enhancement in the value of the upper pay scale in band A in 2009 and 2010.

CHAPTER 7

Further Pay Matters

Introduction

7.1 This chapter covers further matters in relation to the pay award for specific groups of teachers (the leadership group, Excellent Teachers and Advanced Skills Teachers) and additional (TLR and SEN) payments.

7.2 The Secretary of State asked us to consider for recommendation:

whether any further modifications are required to the pay arrangements of any particular category of teachers, including those in the leadership group.

[for report in March 2008] *whether, to ensure that every school has the scope to establish the leadership structures that will meet their needs, there should be changes to the pay and conditions for the leadership group, taking account of the need to:*

- *allow for federations and other collaborative arrangements that might provide effective solutions to schools' needs;*
- *aid and promote the distribution of leadership within schools, as appropriate; and*
- *enable appropriate leadership and management arrangements for the extended services provided directly or indirectly through their schools.*

whether the salary ranges for excellent teachers set out in the Fifteenth Report should be updated also in line with any general increase applied to pay scales.

whether the nationally applicable maxima and minima for the value of TLR payments applicable in England and Wales should increase in line with any general pay award recommendations; and whether any adjustments are needed to differentials within and between the ranges to take account of new uplifts, in any or all of the years for which you [STRB] are making recommendations.

whether the value of SEN allowances should be uplifted over the period of the award, subject to the outcome of the proposed future review.

Our approach

7.3 As in previous years, in considering the pay award for specific groups of teachers and increases in additional payments, we have been guided by the need to promote the simplification of the pay system and the need for schools to make greater use of existing flexibilities, which is emphasised in our vision. Unless the evidence suggests otherwise, therefore, our general approach is to apply the general pay award.

Leadership group

Context

7.4 In previous reports, we have emphasised the vital importance of first class leadership to the performance of schools and services, highlighted key developments in education and considered the implications for teachers in the leadership group and their pay and conditions¹.

7.5 When we last considered pay matters in 2005, the evidence suggested that there may be problems of recruitment and retention in the leadership group building up for the future, but the underlying causes of the situation were not clear. We considered it premature to make changes to the salary structure before some fundamental issues had been considered, and recommended that we be remitted to look fundamentally at the leadership group and how its changing role and responsibilities should be reflected in its future pay structure. To provide a sound evidence base for this work, we recommended that a comprehensive independent study be carried out on the roles, responsibilities, structures and reward systems for the leadership group, looking at both current practice and likely future developments, and including: new models of headship; the role and functions of deputy and assistant heads; administrative support; recruitment planning; type of contract; and reward².

7.6 We also responded to a proposal from NAHT and ASCL (then the Secondary Heads' Association) concerning the minimum differential in the STPCD between classroom teachers and teachers in the leadership group. We questioned the need for a prescribed differential and highlighted existing local pay flexibilities.

7.7 The Secretary of State accepted our recommendations. The Department commissioned an independent study, which was published in December 2006³.

7.8 As outlined above, we have now been asked to consider for recommendation whether any further modifications are required to the pay arrangements of teachers in the leadership group and, for report in March 2008, further matters on the pay and conditions of this group of teachers.

¹ STRB (2005) *Fifteenth Report*, TSO (Cm 6663), Chapter 1 and Chapter 4, paragraphs 4.19–4.37

² Ibid.

³ PricewaterhouseCoopers (2007) *Independent Study into School Leadership*, DfES

Analysis from consultees

7.9 As in consultees' submissions about the pay award, a number of consultees presented analyses of relevant factors in support of their representations on the leadership group.

Policy context

7.10 The Department provided information on its HR policies on the leadership group, reporting that it was working to ensure that there were sufficient numbers of high quality school leaders now and coming through for the future. The Secretary of State's remit to NCSL for 2007/08 had identified three priorities: succession planning, redesign of NPQH and new models of leadership⁴. The Department would work with social partners to tackle barriers to the most effective models of school leadership being introduced in schools.

7.11 The Department was also working with NCSL and social partners on models of leadership; support for potential future leaders and leaders new in post; reducing working hours and ensuring that leaders used their time to best effect; ensuring that bureaucracy focused on essentials to ensure high standards and well-being for pupils and making clear the distinction between mandatory and optional guidance; and providing opportunities for experienced leaders to find new and exciting challenges.

The leadership group

7.12 RIG reported that the number of full-time head teachers in maintained schools in England had fallen between 1997 and 2007⁵. The number of maintained schools had fallen in each year of the same period. RIG attributed this to demographic changes in the pupil population, the rationalisation of infant and junior schools into single units, and the growth of academies.

7.13 Several parties highlighted that women were under-represented in the leadership group. RIG noted that an increasing percentage of heads in England were female: 60% in 2005, compared with 50% in 1997. The gender split was different between phases of school: 66% of heads in nursery and primary schools were female in 2005 (56% in 1997), compared to 35% for secondary schools (26% in 1997) and 51% for special schools and PRUs (41% in 1997). RIG also noted that the gender profile for head teachers was different from that of classroom teachers, where women were more prevalent in all phases⁶.

7.14 RIG highlighted that that the current age profile of heads and, to a lesser extent, deputies, meant that an increasing number were approaching retirement⁷.

⁴ Letter from Alan Johnson, Secretary of State for Education and Skills, to Vanni Treves, Chair, National College for School Leadership (10 April 2007) regarding priorities and associated funding for NCSL in 2007/08. Available at: <http://www.ncsl.org.uk/media/FA6/80/NCSL_Remmit_Letter_2007-08_final.pdf>

⁵ DCSF (2007) *School Workforce in England, January 2007*, SFR 29/2007

⁶ DfES (2006) *School Workforce in England, January 2006*, SFR 37/2006

⁷ DCSF (2007) Third submission to STRB. See Appendix B for details.

7.15 The Welsh Assembly Government reported that the number of head teachers in Wales had fallen from 1,907 in 1997 to 1,769 in 2006. 52% of heads in Wales were female: 56% in the primary sector and 19% in the secondary sector⁸.

Recruitment and retention

7.16 The Department noted that head teacher vacancies had fallen in 2007, but that some schools faced particular difficulties and that recruitment to the leadership group was challenging. The Department would continue to take action to address this, for example through work with NCSL on succession planning.

7.17 RIG reported that head teacher vacancy rates had been generally low and quite stable between 1997 and 2007⁹. 640 head teacher posts in the maintained sector in England had been temporarily filled in January 2007, representing 2.9% of all head teacher posts¹⁰. This represented a slight decrease from 2006, but an increase of 2.3% since 2000.

7.18 The Welsh Assembly Government reported that in January 2006 there had been seven vacancies for full-time heads in maintained secondary schools and fifteen in the nursery and primary phase¹¹. No data were available on the number of leadership group posts that were temporarily filled.

7.19 ASCL and NAHT highlighted the age profile of the leadership group and said that NCSL analysis suggested that the coming period, 2008 to 2011, would be the most difficult in terms of the number of leaders retiring, with the peak in 2009. The number of applicants for headships in challenging schools was very low¹², which ASCL and NAHT attributed to vulnerability to dismissal if standards were not improved quickly: leaders regarded it as a substantial professional risk to take on such jobs. ASCL and NAHT were part of a group studying the issue of hard to fill headships for NCSL.

7.20 ATL, NASUWT and PAT considered that vacancy data demonstrated that although there was a predicted potential shortage of heads, there were no problems of supply or quality of greater magnitude than, for example, recruitment issues in certain parts of the country for teachers of shortage subjects.

7.21 NUT argued that there were particular problems in recruiting senior staff, particularly heads. A survey had shown that only 4% of teachers thought it likely or highly likely that they would become head teachers within the next five years, which suggested that there would be a significant shortfall in the number of candidates for headteacher posts¹³. In NUT's view, there were too few potential recruits to headship and a need to increase the pool from which new heads could be recruited.

⁸ Welsh Assembly Government (2006) *Schools in Wales: General Statistics 2006*

⁹ Op.cit. DCSF, *School Workforce in England, January 2007*

¹⁰ Ibid.

¹¹ Op.cit. Welsh Assembly Government, *Schools in Wales: General Statistics 2006*

¹² Education Data Surveys (2007) *The State of the Labour Market for Senior Staff in Schools in England and Wales 2006-2007*

¹³ Institute for Policy Studies in Education (2006) *General Teaching Council Survey of Teachers 2006*, GTC

7.22 NGA believed that the position relating to the recruitment of heads was worsening, and had been working with NCSL on succession planning.

Recruitment and pay

7.23 Pay was not, in the Department's view, the main factor deterring potential leaders from stepping up or in leaders deciding to leave the profession. NUT referred to research¹⁴ which it said showed that workload was a significant barrier. NGA was not convinced that pay was an over-riding factor in attracting candidates.

Earnings

7.24 With reference to RIG's analysis (see below), the Department argued that the leadership group had fared better in pay terms than the profession as a whole; and that there was already more flexibility in the pay system around head teachers' pay than teachers' pay. The independent study had found that many school leaders were positive about their current salary levels, but qualified this with reference to issues such as workload¹⁵.

7.25 RIG referred to unpublished information on teachers' earnings from the Department's Database of Teacher Records, which it said demonstrated that:

- the increase in leaders' average earnings between 1997 and 2005 had been higher than the increase for classroom teachers;
- the average difference in salary between heads and the rest of the leadership group had increased between 2001 and 2005; and
- in 2005, the average salary of members of the leadership group was almost half as much again as the average for classroom teachers.

RIG also highlighted the increase in the values in the STPCD for head teacher salaries between 1997 and 2006.

7.26 ASCL and NAHT interpreted the independent study to have concluded that the reward structure for the leadership group needed to be modified¹⁶. ASCL and NAHT argued that the majority of classroom teachers progressed to U3 without any increase in their accountability or job weight: U3 had become the normal salary for experienced classroom teachers. They suggested that in many schools, particularly primaries, the highest paid classroom teacher was paid more than the lowest paid member of the leadership group; and that the difference in job weight between a teacher paid on U3 and an assistant or deputy head was significant.

7.27 These parties discussed existing local flexibilities in the pay system, for example to set a head's ISR up to two groups above the head's school group in specific circumstances. They were aware of some limited use of recruitment and retention incentives and additional payments to leaders in respect of their responsibilities for extended schools and children's centres. In ASCL and

¹⁴ Smithers, A; Robinson, P (2007) *School Headship: Present and Future*, University of Buckingham

¹⁵ Op.cit. PricewaterhouseCoopers, *Independent Study into School Leadership*

¹⁶ Ibid.

NAHT's view, these payments were haphazard and an unsatisfactory way of rewarding increased job weight and accountability.

7.28 ATL, NASUWT and PAT argued that, contrary to the provisions of the STPCD, there was a prevailing view in schools that salaries for teachers in the leadership group must always be above the level of the highest paid classroom teacher. In these parties' opinion, this concept was simplistic, flawed and outdated. They suggested that some governing bodies were artificially restricting pay progression for teachers to avoid making consequential uplifts for leadership group members, or only uplifting pay for members of the leadership group. These parties argued that the availability of funding and individual teachers' levels of pay in comparison with others should not be factors in classroom teachers' pay progression.

7.29 NUT referred to IDS data on management pay in the wider economy¹⁷. This gave an average midpoint salary for middle and junior managers in the three months to January 2007 of £42,678, which was higher than the value of points 1 to 10 of the leadership group spine, which NUT noted would include some primary heads and assistant and deputy heads in all phases. The average midpoint salary for senior management posts was £64,136: just below point 27 of the leadership spine. NUT noted that the majority of primary and special heads and a significant number of secondary heads were paid below this point¹⁸.

7.30 UCAC suggested that some schools were reviewing their ISR or forming federations in the light of falling pupil rolls.

Workload and leaders' roles and responsibilities

7.31 RIG highlighted information from workloads surveys¹⁹ on the weekly hours of full-time heads and deputies, noting that hours in primary schools had fallen between 2000 and 2006, but that those in secondary schools had increased over the same period. RIG considered that the workload of members of the leadership group had increased since 2000 and that the National Agreement had so far had little impact on leaders' work/life balance.

7.32 ASCL and NAHT considered that the accountabilities of school leaders had grown out of all recognition since 1991, and reported that their members were taking on new and extended responsibilities and accountabilities, for example in relation to extended schools, children's centres and leading more than one school.

7.33 ATL, NASUWT and PAT acknowledged the pressure on school leaders, and took the view that although the provisions of the National Agreement had been designed to reduce the workload of all teachers, including heads, workload issues remained, especially in secondary schools. These parties highlighted the pace and volume of the Government's programme of change in schools. Notwithstanding these pressures, these parties argued that the

¹⁷ IDS (2007) *Executive Compensation Review 314*

¹⁸ Natcen (2005) *Teachers' Pay Survey September 2004*, OME

¹⁹ Series of surveys, the most recent being BMRB (2006) *Teachers' Workloads Diary Survey*, OME

pressures experienced by leaders were no more or less than those of teachers who were mainly classroom based: it was the nature of the pressures rather than the degree which differed.

7.34 These parties suggested that significant numbers of heads were undertaking work in addition to their school responsibilities, for example as consultants, Ofsted inspectors and School Improvement Partners (SIPs) or a combination of roles. Many received additional payment for this work, which, ATL, NASUWT and PAT argued, should be taken into account in any examination of leaders' workload and remuneration.

Job security

7.35 ASCL and NAHT considered that the job security of many members of the leadership group was a concern and provided a number of actual examples from their casework of heads being forced to leave their posts, for example through dismissal or enforced resignation.

Representations from consultees

7.36 With the exception of ASCL and NAHT, who jointly proposed that teachers in the leadership group should receive a higher pay award than other teachers, consultees considered that the general pay award should apply. Consultees' representations on pay were summarised in Chapter 2.

7.37 The Department suggested that some modifications may be required to leaders' pay and conditions in specific areas, outlined in STRB's remit for March 2008. Without prejudice to the Department's future submissions on these matters, its inclination was that changes to conditions of employment rather than pay were more likely to be effective. The Department suggested that it would take time to implement and evaluate any substantial changes needed to ensure the effective leadership demanded by the future and suggested that further consideration to pay and conditions could be given for the period from September 2011.

7.38 ASCL and NAHT were concerned that the matters on which STRB would report in March 2008 were not being considered earlier. It could not, they argued, be assumed that recommendations resulting from this work would be cost free, nor that implementation could be delayed until 2011.

7.39 With reference to their analysis above, ASCL and NAHT argued that a differentially higher pay award should be applied to the leadership group and was essential to support recruitment and reward leaders for taking on new and extended responsibilities and accountabilities. They also proposed several changes to the pay system for the leadership group, as follows.

7.40 ASCL and NAHT proposed that the minimum differential between classroom teachers and teachers in the leadership group²⁰ specified in the STPCD should be amended to be based on U3, rather than U1 as at present. They argued that the current minimum differential was inadequate and overdue for review, as in ASCL and NAHT's view U3 had become the normal salary for experienced classroom teachers.

²⁰ DCSF (2007) *School Teachers' Pay and Conditions Document 2007*, Section 2, paragraph 12.3

7.41 NUT supported this proposal and argued that the change was needed to promote equity: some schools already took into account that many classroom teachers were paid at U3. ATL, NASUWT and PAT jointly argued that differentials in pay between classroom teachers and leaders should be examined based on the principle that roles, responsibilities and experience – not simply hierarchical position – should be at the heart of salary determination, as they said was the case in other public services such as the NHS. These parties did not think that there should be any change in the minimum differential in the STPCD.

7.42 ASCL and NAHT made further proposals about the remuneration of heads with additional responsibilities, for example associated with extended schools, children’s centres, or executive headship; and of heads who, as a consequence of recruitment problems or a need to improve standards of education, took on the running of two or more schools. They suggested that the existing provision to set the individual school range (ISR) of heads up to two groups above the school’s given group²¹ be replaced by a flexibility that had been in place in the past. This had allowed schools to determine that, if they were satisfied that no salary payable to the head or deputy (in accordance with the group size of the school) would be adequate, having regard to the teacher’s duties, responsibilities or performance or the circumstances of the school, that he or she be paid such higher salary as they considered appropriate.

7.43 These parties suggested that alternatively, the STPCD should allow local discretion to make additional payments, as local managers saw fit, to members of the leadership group to reflect new roles or responsibilities. ASCL and NAHT argued that this would provide a legitimate basis for sensible discussions between school leaders and their employers about appropriate pay levels and would also have the merit of being clearly applicable to deputy and assistant heads.

7.44 Further, ASCL and NAHT argued that the STPCD should place a duty on schools and services to consider exercising their discretion under these circumstances.

7.45 Finally, ASCL and NAHT proposed that, as part of leaders’ contracts of employment, there should be stronger safeguards, especially for leaders taking up posts in high-risk schools, to reflect leaders’ vulnerability to losing their jobs. They argued that contracts should include an exit package should the contract be terminated by the employer, with specified levels of compensation. ASCL and NAHT looked to STRB to consider what such an exit package might include.

Our analysis

7.46 In England and Wales, there are over 62,000 teachers in the leadership group in maintained schools, representing around 16% of teachers²². Since 2001, there have been small decreases in the number of heads and deputies, but this has been more than offset by a significant increase across all phases

²¹ Ibid. Section 2, paragraph 12.2.6

²² Op.cit. DCSF, *School Workforce in England, January 2007*; op.cit. Welsh Assembly Government, *Schools in Wales, General Statistics 2006*

in the number of assistant heads, from 7,000 to 17,000²³. There is anecdotal evidence that new leadership posts have been created following local reviews of staffing structures.

7.47 Our Fifteenth Report noted that the age distribution of the leadership group meant that a considerable number of leaders would soon be coming up to retirement. As expected, this continues to be the pattern: 60% of heads and 43% of deputy and assistant heads were 50 or older in March 2005 and fewer than 20% of heads were under 45²⁴. The Department and the Welsh Assembly Government have not provided forecasts for the number of school leaders that will need to be recruited in the coming period in the light of this age profile and other factors affecting the demand for leaders. NCSL has suggested that leadership group retirements will peak in 2009 and that numbers of new leaders will need to increase by between 15% and 20% in the next two to three years²⁵.

7.48 In relation to equality matters, Chapter 3 highlighted that despite the small proportion of male classroom teachers, disproportionate numbers of leaders are male, although the proportion of female heads is increasing. A smaller proportion of female than male heads are on higher spine points, reflecting the size and phase of schools they lead. Anecdotal evidence suggests that it is difficult for teachers to progress in their careers quickly, which is likely to disadvantage both younger and older teachers. This is supported by data that show that 5% of male and less than 3% of female teachers with between five and nine years service are in the leadership group in secondary schools. The corresponding figures for primary schools are 21% and 9%²⁶.

7.49 Our Fifteenth Report considered the recruitment and retention situation. We have reviewed updated evidence.

- Trends in the number of applicants for head teacher posts show a mixed picture. There has been a steady decline in the numbers of applicants for primary posts to around 5 applications per post in 2006/07, but a period of gentle decline in the number of applications for secondary posts flattened out in 2006/07 at around 15 applications²⁷.
- It continues to be the case that smaller primary schools receive lower number of applications per head teacher post than other schools²⁸. The lowest numbers of applications in 2006/07 were for primary school posts in London and the East of England.

²³ Op.cit. DCSF, *School Workforce in England, January 2007*

²⁴ Op.cit. DfES, *School Workforce in England, January 2006*

²⁵ NCSL (2006) *Leadership Succession; an Overview*

²⁶ Op.cit. DfES, *School Workforce in England, January 2006*, Table G4

²⁷ Op.cit. Education Data Surveys, *The State of the Labour Market for Senior Staff in Schools in England and Wales 2006-2007*

²⁸ Ibid.

- As our Fifteenth Report noted, in recent years there have been increases in the proportion of recruitment exercises for head and deputy head teacher posts that were unsuccessful. In 2006/07, 35% of primary, 19% of secondary and 33% of special school head teachers' posts were unfilled after an advertisement²⁹.
- Our Fifteenth Report highlighted that in spite of the above factors, vacancy rates for the leadership group had been falling in recent years. This has continued: the vacancy rate for heads in England, for example, decreased from 0.8% in January 2006 to 0.6% in January 2007 (130 recorded vacancies)³⁰. As outlined in Chapter 3, however, vacancy rates have some limitations as an indicator.
- There has, however, been a gradual increase in the number of head teacher posts that are filled on a temporary basis, to 640 or 2.9% of posts in 2006 and 2007, a level last seen in 2001³¹.

7.50 Overall, the situation has changed little since we last examined it in 2005. There continue to be warning signs that leadership group recruitment and retention could become a problem in the future, but the risk has not increased significantly in the last two years.

7.51 An important question here is whether the recruitment and retention issues are connected with pay. The independent study for the Department highlighted many factors that concerned existing leaders and that could be disincentives for potential leaders, but pay was not a significant element³². A smaller study for NUT also highlighted a range of factors and found that pay was an issue for primary, but not secondary, leaders³³.

7.52 We have also looked at the latest information about leaders' earnings. Our analysis of teachers' earnings in paragraphs 3.59 to 3.76 includes the leadership group and is also relevant here. Estimates from the survey of teachers' pay provide additional information³⁴:

- Median earnings for heads now range from £48,000 for primary heads in band D to £81,000 for secondary heads in band A.
- Median earnings for deputy and assistant heads range from £39,000 for primary deputies and assistant heads in band D to £57,000 for secondary deputy and assistant heads in band A. The median earnings of leaders in special schools are positioned between those of colleagues in primary and secondary schools.
- Looking at the distribution of leaders on the leadership group pay spines in each pay band, heads inevitably populate the higher spine points, but significant numbers of deputies and assistants are on higher spine points than some heads, largely reflecting the size of schools they work in.

²⁹ Ibid.

³⁰ Op.cit. DCSF, *School Workforce in England, January 2007*

³¹ Ibid.

³² Op.cit. PricewaterhouseCoopers, *Independent Study into School Leadership*

³³ Op.cit. Smithers, A; Robinson, P, *School Headship: Present and Future*

³⁴ ORC (2007) *Survey of Teachers' Pay 2007*, OME

- Between 2005/06 and 2006/07, around 30% of staff on the leadership scale saw no change or (very few) a downward movement in their position on the scale. Over 50% moved one point up the spine; and 16% moved up by more than one point.
- There is some evidence that heads' pay has improved: the median spine point for heads in each phase of school has increased by one or two points since 2004. In addition, more schools now pay their heads on a spine point higher than their reported Individual School Range (ISR), although the proportion of schools doing so remains very small³⁵.

7.53 Looking at other relevant factors:

- Ofsted reported that leadership and management were good or outstanding in just over 60% of schools in 2005/06. The corresponding proportion in Wales for the same year was slightly higher (on Estyn's different measurement scale)³⁶.
- 57% and 49% of secondary and primary heads respectively have described their morale as quite or very high. Many headteachers are positive about the unique non-routine nature of their role, but administrative demands and accountability are seen as demotivating factors. Leaders regard their role as having become more complex and challenging in recent years and there is some evidence that many leaders struggle to meet all the demands placed upon them³⁷.
- Workload surveys suggest that the average weekly working hours reported by the leadership group have decreased since 2000, to an average of 54 and 58 hours for primary and secondary heads respectively in 2007 (the corresponding numbers for deputies/assistants were 51 and 54 hours), although the hours reported fluctuated in the intervening period³⁸.

Our views

7.54 As noted, our remit on the leadership group is in two parts. The Secretary of State has set separate deadlines for our reports on two groups of matters. In preparing this first part of our report for submission in October 2007, we have considered both the pay award for the leadership group and whether, in advance of work on the second part of our remit for report in March 2008, we should recommend any specific changes to the pay system.

7.55 Our analysis of the evidence suggests that the pay award that we have recommended for classroom teachers should also be sufficient for the leadership group. We acknowledge the emerging recruitment and retention issues and will continue to give attention to these, but it has not been demonstrated that levels of pay are a significant factor, and median earnings

³⁵ OME analysis of regular teachers' pay surveys, most recently op.cit. ORC, *Survey of Teachers' Pay 2007*

³⁶ Ofsted (2006) *The Annual Report of Her Majesty's Chief Inspector of Schools 2005/06*; Estyn (2006) *The Annual Report of Her Majesty's Chief Inspector of Education and Training in Wales 2005/06*

³⁷ Op.cit. PricewaterhouseCoopers, *Independent Study into School Leadership*

³⁸ Op.cit. BMRB, *Teachers Workloads Diary Survey 2007*

in the leadership group already compare well with those for classroom teachers. In this context, a higher pay award for the leadership group would not be appropriate.

7.56 Our report on the important matters in the second part of our remit will be submitted in only a few months time, in March 2008. We have not yet identified what changes to the pay system may be needed, nor when these should be implemented. We do not wish to pre-empt our work by recommending specific changes to the pay system now. The proposed changes from ASCL and NAHT, for example, are based on certain assumptions about the pay system that we wish to explore as part of our further work. Further, since pay changes for teachers are implemented annually in September and our next report is due in March, we do not think it necessary to decide now whether any changes should be made in 2008.

7.57 It follows that we cannot yet identify what, if any, cost pressures at national level could arise from any changes to teachers' pay and conditions in the coming period arising from our work on the leadership group. We will, of course, have regard to the need for our recommendations to be affordable.

7.58 ASCL and NAHT have made some thoughtful proposals on the matter of exit packages for leaders and leaders' contracts of employment (paragraph 7.45). At present, exit packages for teachers are not among the statutory conditions of employment covered by the STPCD and are a matter for local agreement. The question of whether a different approach is required needs to be considered, but it seems to us to be inseparable from broader questions about the nature of the leader's role and responsibilities and how leaders should be rewarded. We would therefore like to return to this matter in part two of our report.

Excellent Teachers

Context

7.59 Since May 2006, eligible teachers have been able to apply to be assessed against ETS professional standards, which were revised in September 2007³⁹. Since September 2006, the first ETS appointments have taken effect. In May 2007 there were 34 Excellent Teachers in post.

7.60 Our Fifteenth Report recommended that from September 2006 the salary for Excellent Teacher posts be a spot salary, determined by individual schools and services within an ETS salary range of £35,000 to £45,000 in pay bands B to D and extending to £50,000 in band A⁴⁰. We also recommended that the ETS be reviewed by December 2008, with the results of the review remitted to this Review Body for consideration and recommendation.

7.61 Appendix D summarises developments with the ETS pay arrangements. The Secretary of State decided to defer the introduction of an ETS salary

³⁹ Op.cit. DCSF, *School Teachers' Pay and Conditions Document 2007*, Section 1, pages 8 to 14

⁴⁰ Op.cit. STRB, *Fifteenth Report*, paragraph 5.21

range until September 2008 and that there should be a single salary rate for ETS posts in each pay band in the interim period⁴¹. The September 2006 rates were those originally proposed by RIG, uplifted in line with the teachers' pay award for 2006 to 2008. In September 2007, the rate was again uplifted in line with the general pay award to £36,771 in band D, £37,809 in band C, £39,747 in band B and £43,860 in band A.

7.62 We have now been asked to consider whether the ETS salary range of £35,000 to £45,000 in bands B to D, extending to £50,000 in band A should be updated in line with the general pay award.

Representations from consultees

7.63 Several consultees, including RIG and NUT, highlighted that the number of Excellent Teachers was low. As in previous years, NUT, BATOD, UCAC, NGA and GW emphasised that they did not support the Excellent Teacher Scheme.

7.64 In relation to salaries, RIG and TDA proposed that the ETS salary range in the Fifteenth STRB Report should be raised in line with any pay award recommended for other teachers. NUT, BATOD and NGA considered that for as long as the ETS existed, the ETS salary range and individual teachers' spot salaries should increase in line with any general pay increases.

Our views

7.65 We welcome the Department's commitment to review the ETS scheme in 2008⁴². As highlighted in our Sixteenth Report, we continue to have concerns about the scheme⁴³. For the present, our focus is pay arrangements.

7.66 As outlined above, we originally recommended that the minimum of the range from September 2006 should be £35,000 and that the maxima should be £45,000 (bands B to D) or £50,000 (band A). It would be simple and logical for the new minimum for the range from September 2008 to be the September 2007 band D spot rate of £36,771. Taking the same approach to uplifting the maxima as was applied by the Department to the minimum (previously spot rates) gives new maxima of £47,278 (bands B to D) and £52,531 (band A). The minimum and maxima should then be uplifted by 2.45%, in line with the September 2008 pay award, to £37,672 to £48,437 or, for band A, £53,819.

7.67 It also seems appropriate for the spot salaries of any individual Excellent Teachers who were in post or whose salaries were determined prior to September 2008 to be uplifted in line with the pay award.

7.68 These adjustments will help maintain appropriate relativities between ETS spot salaries and salaries for other groups of teachers, for example those on the upper pay scale with TLR payments and Advanced Skills Teachers.

⁴¹ House of Commons Debates (2004–05) 440, written answers col. 951W

⁴² Op.cit. DCSF, Third submission to STRB. See Appendices B and D for details.

⁴³ Op.cit. STRB, *Sixteenth Report*, paragraph 4.16

7.69 The minimum, maxima and individual spot salaries should then be increased in 2009 and 2010 in line with the pay award, subject to the outcomes of our 2009 review.

Advanced Skills Teachers

7.70 The AST pay spine was shortened to eighteen points in September 2006. The values of points on the spine are now the same as the first eighteen points of the leadership group pay spine and span from £34,938 to £53,115 in band D⁴⁴. Pay progression arrangements for ASTs were adjusted in September 2007⁴⁵, following recommendations in our Sixteenth Report⁴⁶.

7.71 None of the consultees made specific representations on pay for ASTs. As in 2005, therefore, it seems appropriate for the values of the eighteen point pay spine to increase in line with the pay award.

Teaching and Learning Responsibility (TLR) payments

Statistics update

- Around 80% of all schools (and 98% of secondary schools) have started to make TLR payments, or plan to do so by the end of 2007, for the TLR posts in their staffing structure.
- 44% of full-time secondary teachers and 19% of full-time primary teachers receive TLR payments. This pattern can be seen, with some variation, across all regions.
- TLR payments to primary teachers are at the lower end of the range of values. The value of payments in secondary schools shows a wider spread, with around a third exceeding £6,000.
- The highest proportions of teachers in receipt of TLRs can be found in London and the smallest in the South West and Wales.
- Payments are being awarded for a range of responsibilities, including curriculum leadership, pastoral roles and assessment coordination.
- The proportion of teachers receiving either a TLR or a safeguarded management allowance is smaller than the proportion of teachers who held management allowances in 2004. It is not yet possible, however, to establish how the values of teachers' TLR payments compare with the value of previous management allowances⁴⁷.

⁴⁴ Op.cit. DCSF, *School Teachers' Pay and Conditions Document 2007*, Section 2, paragraph 30

⁴⁵ Ibid.

⁴⁶ Op.cit. STRB, *Sixteenth Report*, paragraph 6.39

⁴⁷ OME analysis of op.cit. ORC, *Survey of Teacher's Pay 2007*

Context

7.72 Schools and services have been able to award TLR payments since 1 January 2006 and have discretion to phase them in until 1 January 2009. The values of individual teachers' TLR payments are determined locally, within two ranges prescribed by the STPCD. The original ranges were a minimum of £2,250 and maximum of £5,500 for TLR 2 (lower range) payments and a minimum of £6,500 and maximum of £11,000 for TLR 1 (higher range) payments. When schools awarded both TLR 2 and TLR 1 payments, the minimum difference in value between individual teachers' TLR 2 payments and TLR1 payments was therefore £1,000.

7.73 Our Fifteenth Report recommended that the minimum and maximum of the two TLR ranges and individual teachers' TLR payments be increased in September 2006 and September 2007, in line with the general pay award. The Secretary of State implemented this recommendation. TLR payments attached to posts in a school's staffing structure but not yet in payment have also increased in value in line with the pay award⁴⁸.

7.74 This has had the following effects:

- The range for TLR payments is now £2,364 to £5,778 for TLR 2 and £6,829 to £11,557 for TLR 1 (September 2007). So the minimum difference in value between existing TLR 2 and TLR 1 payments in individual schools is now £1,051.
- The minimum difference in value between individual teachers' TLR payments within each range awarded prior to September 2006 is £1,576.

7.75 When schools introduce new TLR payments or revalue existing payments within one of the ranges, for example because of changes in responsibility, the minimum difference in value between each payment is still £1,500.

Representations from consultees

7.76 Consultees who made representations on TLR payments all proposed that the minimum and maximum of the two ranges for the payments and the value of individual teachers' payments should increase in line with the general pay award. Other points made by consultees are outlined below.

7.77 RIG proposed that TLR payments determined in reviews of staffing structures and due to be awarded until after 1 September 2008 should also increase in line with the award, as happened in 2006 and 2007.

7.78 RIG noted the effects of the current pay award, outlined in paragraph 7.74 above. RIG considered the increase in the difference between the maximum of the TLR 2 range and the minimum of the TLR 1 range to £1,051 to be an inevitable outcome of the pay award, ensuring fairness and parity for all teachers receiving TLRs. The effect was slight, and RIG did not think revaluation of the two ranges was necessary.

⁴⁸ Op.cit. DfES, *School Teachers' Pay and Conditions Document 2006*, Section 2, paragraph 26; op.cit. DCSF, *School Teachers' Pay and Conditions Document 2007*, Section 2, paragraph 25

7.79 RIG did, however, believe that a change was needed to protect the original policy intention underpinning the minimum difference in value between individual teachers' TLR payments within each range, currently £1,500 as outlined in paragraph 7.75 above. The original intention, proposed by RIG and endorsed by STRB, was that differences in value between individual teachers' TLR payments in a school should be significant, to emphasise that the difference between one level of payment and another should reflect significant and weighty differences in responsibility⁴⁹. RIG noted that if the current pay award had been applied, the minimum difference in value specified by the STPCD would have been £1,576 from September 2007.

7.80 RIG argued that adjusting the minimum difference in value between TLR payments within each range in the STPCD would better reflect the effect of teachers' pay awards in the TLR arrangements. It did not think it appropriate for this to change every year: this would be confusing for schools and was not necessary to uphold the policy principles. For simplicity, the minimum should continue to be a round number. To avoid unintended consequences to the pay of individual teachers, any increase in the minimum should not exceed the value of any increase applicable to TLR payments at the time, though the adjustment could take into account the effects of the 2006 and 2007 pay awards.

7.81 ATL, NASUWT and PAT argued that there was a problem of access for primary teachers to TLR payments and that change was needed in the culture of management in primary schools to give appropriate regard to the professionalism and status of primary school teachers. These parties cited survey evidence which they said demonstrated that a high proportion of primary school teachers were not being paid for undertaking whole-school responsibilities⁵⁰.

7.82 NUT argued that the implementation of TLR payments had caused problems across England and Wales. Schools had been disrupted and many teachers had or would lose pay as a direct result. NUT highlighted criticisms made by Estyn⁵¹.

7.83 In the context of its proposals for the teachers' pay system, NUT proposed that the STPCD should stipulate that teachers should not be required to take on extra duties unless additional payments (not necessarily TLRs) were paid; to require there to be a minimum number of "promoted posts" in schools for specified responsibilities, in particular curriculum area and Key Stage co-ordination and pastoral responsibilities, and to ensure consistency in the pay of teachers in different schools with similar responsibilities. Without prejudice to its previous views about TLR payments, NUT said there should be no piecemeal changes. Differentials within and between the two TLR ranges should be kept under review in proportion to increases in the maxima and minima for TLR payments.

⁴⁹ Op.cit. STB, *Fourteenth Report*, paragraph 2.29.

⁵⁰ ATL, NASUWT, PAT (2007) Submission to STRB, Annex 1

⁵¹ Estyn (2007) *The Impact of Workforce Remodelling on Pupils' Learning and Raising Standards*, paragraphs 29, 50 and 51

7.84 NUT re-iterated its concern that the Government had not conducted an equality impact assessment of the allocation of TLR payments. NUT had carried out a small survey of minority ethnic teachers of the move from MAs to TLRs, which it said demonstrated that there was a case to answer. NUT also reiterated its view that there should be permanent safeguarding for teachers losing salary as a result of the change to TLR payments.

7.85 UCAC emphasised that it had opposed the TLR system and still had reservations. UCAC highlighted its previous proposal that the value of TLR payments be increased by a fixed sum, reviewed and allocated on a regular basis, for example every three years, although it would also support increasing their value in line with any general pay award. UCAC was concerned about widening of differences in value between teachers' TLR payments.

7.86 BATOD continued to have major concerns about TLR payments and how the change from MAs to TLR payments following reviews of staffing structures had affected teachers of the deaf. BATOD argued that a significant number of teachers of the deaf had lost salary, which had caused stress. Teachers felt they had become sidelined and that their skills and knowledge were unrecognised. BATOD reported problems affecting teachers employed in specialist units attached to schools, but funded by local authorities and providing provision for pupils from across the authority; teachers with line management responsibility for a significant number of people, for example teaching assistants; and local authority specialist services staff.

7.87 In BATOD's view, the guidance in the STPCD on the award of TLR payments was too prescriptive and gave little consideration to "unattached" teachers. Affordability was also a factor. BATOD suggested it would be helpful to clarify what constituted "significant" line management responsibility. BATOD also reiterated its view that qualified teachers of the deaf should all receive the higher-value SEN allowance and, in addition, a TLR payment when appropriate.

7.88 Governors' representatives did not think there was a need to amend the existing minimum differences in the values of TLR payments specified by the STPCD. GW emphasised that schools' use of TLR payments was at an early stage.

Our views

7.89 We agree with consultees that the minimum and maximum of the two TLR ranges, the value of individual teachers' TLR payments and the value of TLR payments included in local staffing structures before 1 September 2008 but not yet in payment, should increase in line with the pay award.

7.90 At this stage, we do not think it necessary to adjust the minimum difference in value of £1,500 specified in the STPCD for TLR payments made to different teachers in a school or service within one of the two ranges. We agree with consultees that the minimum need not mirror the effects of successive pay awards on differentials between existing TLR payments, but that from time to time adjustment may be necessary.

7.91 TLR payments are still bedding in. There is no evidence that the existing differential is too small, and increasing it could potentially add to the cost of the payments and be confusing and administratively burdensome for local managers. The £1,500 differential still has significant value and is only a minimum: schools have flexibility to award TLR payments with greater differences in value if managers consider this necessary in view of teachers' responsibilities. Further, the differential is just one aspect of the arrangements, and we would prefer to consider it when all aspects of TLR payments are evaluated, rather than in isolation.

7.92 TLR payments are still being implemented and statistical data are limited, so it is too early to evaluate their effectiveness or to make any major changes. But consultees have made points about these payments and highlighted their emerging concerns, for example in relation to equality.

7.93 We also have some early observations in the light of consultees' representations, the early statistical evidence and our discussions with teachers and leaders on our visits to schools. As our Fifteenth Report noted, there is no obvious scope in the pay system for schools and services to pay additional payments on a fixed-term basis. We also note that once TLR payments have been awarded, it does not seem to be straightforward to remove or reassign them. The early indications suggest to us that there may be a need to enhance local flexibility in this part of the pay system.

7.94 These are matters for consideration when TLR payments are evaluated. It would seem appropriate for this to be done some time during the coming period.

Special Educational Needs (SEN) allowances

Context

7.95 The existing arrangements for SEN allowances and the wider context were discussed in our Sixteenth Report⁵². Since September 2007, the value of the annual SEN 1 allowance has been £1,866 and the value of the SEN 2 allowance £3,687.

7.96 In 2006, we were asked to consider the extent to which SEN allowances fulfil an appropriate function, whether they are used appropriately, and whether there is an overlap with other payments. Our Sixteenth Report outlined our initial consideration in response to our remit and highlighted that there was a need for the Department to improve the evidence base. We recommended that the Department provide additional evidence relevant to our remit, focusing in particular on the evidence requirements that we had highlighted in relation to the labour market, teachers and current local practice in schools and services. We would then give further consideration to our remit⁵³.

⁵² Op.cit. STRB, *Sixteenth Report*, paragraph 3.4

⁵³ Ibid. paragraphs 3.21–3.31

7.97 The Secretary of State accepted this recommendation and planned to work on the basis that these matters would be included in our 2008 remit⁵⁴.

Representations from consultees

7.98 As in 2006, a number of consultees emphasised the importance of the roles and expertise of teachers specialising in SEN, in all settings.

7.99 All the consultees who made representations on SEN allowances proposed that the values of the SEN 1 and SEN 2 allowances should increase in line with the general pay award.

7.100 Several consultees argued that there should not be a lower increase in the value of SEN allowances than the general pay award or a freeze in their value pending STRB's forthcoming review. Reasons for this included that it would unfairly penalise teachers receiving SEN allowances and pre-empt the review, and be a disincentive to the recruitment and retention of SEN teachers.

7.101 RIG reported that work was underway in response to the recommendation on SEN allowances in the Sixteenth STRB Report. It was not yet clear what, if any, changes may be made to SEN allowances or indeed when any changes might be implemented. There was therefore a need to consider the value of SEN allowances under the present arrangements: recommendations would need to be subject to any future relevant recommendations by STRB. RIG noted that as part of the recent reviews of staffing structures, schools had made decisions about the appropriateness of discretionary SEN allowances.

7.102 TDA provided contextual information about the SENCO role, personalisation of learning and the range of SEN and disabilities in schools.

7.103 NUT emphasised that SEN allowances played a valuable role in the pay system, rewarding teachers' skills and expertise. NUT expected to be fully involved in the consideration of matters arising from the Sixteenth STRB Report.

7.104 UCAC argued that challenges in relation to SEN should be recognised in teachers' remuneration. UCAC suggested that the upcoming review should look at the recognition or accreditation of experience, training and qualifications; ensuring the appropriate use of the SEN allowances; the position of "unattached" teachers working within a local authority to provide a specialist service; the relationship between TLR payments and SEN allowances; and the extra challenges for teachers in a bilingual setting. As it had in 2006, UCAC made proposals for changes to SEN allowances.

7.105 UCAC supported uplifting the value of SEN allowances by at least the same percentage as the general pay award, but argued that consideration should be given to increasing their value to the level of TLR 2 for SEN 1 and a higher-value TLR 2 for SEN 2.

⁵⁴ House of Commons Debates (2006–07) volume 456, written answers column 30WS.

7.106 BATOD was disappointed that the review of SEN allowances had not yet been resolved and argued that the allowances were essential to the recruitment and retention of teachers in the SEN field. BATOD re-iterated its previous proposals for changes to SEN allowances: that SEN 1 should be awarded to all teachers employed to work solely with pupils with SEN; SEN 2 should be awarded to all teachers of hearing-impaired (or visually impaired, or multi-sensory impaired) children with the relevant specialist qualification or specified experience; or that consideration could be given to all teachers of the deaf working in combined teaching, support and advisory capacities being paid on the AST spine.

7.107 NGA looked forward to STRB's review, which it thought was much needed.

Our views

7.108 Further to our Sixteenth Report, we look forward to undertaking further work and receiving additional evidence from the Department in due course. We do not wish to comment on consultees' proposals for changes to SEN allowances in advance of this work.

Recommendations

7.109 **We recommend:**

- **an increase of 2.45% from September 2008 in the values of:**
 - **the leadership group pay spine;**
 - **the pay spine for Advanced Skills Teachers**
 - **individual Excellent Teachers' spot salaries and spot salaries for ETS posts included in staffing structures before 1 September 2008 but not yet in payment;**
 - **SEN allowances;**
 - **the minimum and maximum of the two TLR ranges, individual teachers' TLR payments and TLR payments included in staffing structures before 1 September 2008 but not yet in payment;**
- **an ETS salary range from September 2008 of £37,672 to £48,437 in bands B to D, extending additionally to £53,819 in band A; and**
- **subject to our review of teachers' pay, further indicative increases of 2.3% from September 2009 and 2.3% in September 2010 in the values of all the above pay spines, spot salaries, allowances, payments and range minima and maxima.**

CHAPTER 8

“Unqualified” Teachers

Introduction

8.1 The Secretary of State asked us to consider for recommendation:

whether changes should be made to the unqualified teachers’ pay scale to ensure it is fit for purpose, in particular whether it should be shortened; whether the differentials between progression points should be reviewed; and whether there should be any changes in progression criteria in the light of any changes you [STRB] recommend. You [STRB] should also review the role and nature of the unqualified teachers’ allowance.

This is the first time in recent years that we have looked at this part of the pay system.

Context

Background statistics

England

- The number of unqualified teachers as a percentage of all teachers in post¹ rose from 0.7% in 1997 to 3.8% in 2007, peaking at 4.3% in 2005². The number of FTE unqualified teachers in England increased by more than 400%, from 2,940 to 16,700. The largest increase was between 2001 and 2002, when the number more than doubled; between 2005 and 2007 there was a decrease of 10%.
- The number of unqualified teachers as a percentage of all teachers in post is highest in special schools, where 6.9% of teachers were unqualified in 2007. Nursery and primary schools have the lowest proportion of unqualified teachers (2.8% in 2007).
- It is unclear how many unqualified teachers work for local authority services as “unattached” teachers, although a recent survey estimated that 15% of unattached teachers are paid on the scale for unqualified teachers³.

¹ Full time equivalent (FTE), excluding occasional teachers.

² Op.cit. DCSF *School Workforce in England, January 2007*

³ DCSF (2007) *Investigation into the Pay and Conditions of Unattached Teachers*

Background statistics (*continued*)

- In 2007, nearly 60% of unqualified teachers were employed in secondary schools, with a third employed in primary schools and 8% in special schools and pupil referral units. This contrasts with the teaching population as a whole, where the figures are 50%, 45% and 5% respectively.
- Overall, roughly a third of these teachers are on employment-based routes to QTS.
- Local authorities in London and certain areas in the South East have the highest prevalence of unqualified teachers.
- Information on overseas teachers and specialist instructors and unqualified teachers who are also “unattached”, is limited.

Wales⁴

- 2.8% of unqualified teachers work in Wales.
- The number of unqualified teachers has fluctuated since 2000, from a high of 757 in 2002 to a low of 514 in 2006, which represented 1.9% of FTE teachers in Wales.
- Just over 10% of unqualified teachers in Wales are on an employment-based route to QTS (less than in England).

Equality monitoring

- Over two-thirds (68.6%) of unqualified teachers in England and Wales are female, rising to 82.5% in primary schools. This is similar to the profile for teachers with QTS. About a quarter of all unqualified teachers work part-time, slightly higher than the figure for teachers with QTS.
- We are not aware of any data on other aspects of equality, such as ethnicity.

8.2 Regulations prescribe who can teach in schools⁵. Most teachers in England and Wales have qualified teacher status (QTS), which can be achieved by a range of routes, but others may also be employed as teachers, including:

- those on employment-based routes to QTS, which include the Registered Teachers Programme, Overseas Trained Teacher Programme, Graduate Teacher Programme and the Teach First scheme;
- instructors possessing specialist knowledge of a particular art or skill, who may be employed only when teachers with QTS or those on employment-based routes are not available⁶; and

⁴ Welsh Assembly Government (2007) *Schools in Wales: General Statistics 2006*; Welsh Assembly Government (2007) Submission to STRB. See Appendix B for details.

⁵ *Education (School Teachers' Prescribed Qualifications, etc) Order (2003)*, SI 1709; *Education (Specified Work and Registration) (England) Regulations (2003)*, SI 1663.

⁶ Op.cit. *Prescribed Qualifications Order*

- overseas trained teachers whose qualifications have not been accredited by the GTC and who are not on the Overseas Trained Teacher Programme. These teachers are permitted to work as overseas trained teachers in England without QTS for no longer than four years. After this time, they may be employed as instructors⁷.

8.3 At present, the STPCD refers to these teachers as “unqualified”. We understand that the current pay arrangements for these teachers have been in place for at least twenty years, with little change. A summary is below⁸.

- Schools and services have discretion to pay teachers on employment-based routes to QTS either on the main pay scale or a separate “unqualified teachers” pay scale⁹. Specialist instructors and overseas-trained teachers must be paid on the latter scale.
- The unqualified teachers’ scale is a ten-point incremental pay scale, with different values in each of the four pay bands. In September 2007, the pay range for unqualified teachers in band D (England and Wales) ran from £14,751 to £23,331 (£18,552 to £27,129 in band A).
- Individual teachers’ entry point on the pay scale is determined locally, having regard to any qualifications or experience that managers consider to be of value in the performance of the teacher’s duties.
- If teachers move schools, they retain their points on the scale.
- Pay progression is based on length of service, but schools have discretion to award additional increments at any time. This gives them more flexibility than for teachers on the main scale. As for teachers on the main pay scale, schools may withhold pay progression if a teacher’s service is unsatisfactory.
- The value of each incremental step between points on the scale is unequal: the average incremental step represents a 4% increase in salary up to scale point 7, with steps above this point worth an average of 7.6% of salary.
- Schools have scope to award an additional unqualified teacher allowance of any value in cases where they consider that a teachers’ salary is not adequate having regard to their responsibilities or to any relevant qualifications or experience relevant to their specialised form of teaching¹⁰.
- Unqualified teachers are not eligible for TLR payments or SEN allowances, unless they are on employment-based routes to QTS and being paid on the main pay scale. All unqualified teachers are, however, eligible for local recruitment and retention incentives.

⁷ DCSF (2007) *Response to the Consultation on the Education (Specified Work and Registration) (England) Regulations 2003*

⁸ DCSF (2007) *School Teachers’ Pay and Conditions Document 2007 and Guidance on School Teachers’ Pay and Conditions*, Section 2, Part 5

⁹ *Ibid.* Section 2, Part 2

¹⁰ *Ibid.* Section 2, paragraph 39

- When teachers on employment-based routes to QTS qualify, they are placed on the point on the main pay scale that is directly above their current salary (including any allowance), or to such higher point as the school deems appropriate.

8.4 The pay survey provides information on these teachers' pay¹¹.

- Most teachers who are paid on the unqualified scale are either at the bottom (point 1) or top (point 10) of the scale: 23% (30% in band D) of full-time, unqualified teachers are at point 1 and 37% are at point 10 (29% in band D). In bands A and B, only around 10% of unqualified teachers are at point 1.
- It is likely, though not certain, that the majority of teachers at point 1 are on employment-based ITT routes. Around a third of unqualified teachers are on these routes, but a smaller proportion of unqualified teachers are paid at point 1. This suggests that schools, especially in bands A and B, are using local pay flexibilities to offer higher salaries to these teachers.
- A much higher proportion of part-time than full-time teachers are on point 10.
- The median salary of full-time unqualified teachers is £17,604 in band D (£26,466 in band A). In band D, half of unqualified teachers earn less than £20,000 (just above the value of M1) and most unqualified teachers in primary schools earn less than £15,000. In band A, the picture is different: more than 60% of unqualified teachers earn more than £25,000 (above the value of M2 in band A).
- 41% of full-time unqualified teachers (34% of part-time unqualified teachers) progressed up the pay scale between January 2006 and January 2007.
- 15% of teachers receive an unqualified teachers' allowance: the median value is £3,597¹². Teachers on point 10 of the scale are most likely to receive an allowance. A higher proportion of teachers in bands A and B receive an allowance, but allowances awarded to teachers in band D have a higher value.
- There is no significant overlap in pay levels between unqualified teachers and teachers with QTS. Fewer than 1% of unqualified teachers earn more than the median classroom teachers' pay and 75% of teachers with QTS have a higher salary than 75% of unqualified teachers. This suggests that schools place a premium on the attainment of QTS.

¹¹ OME analysis of ORC (2007) *Survey of Teachers' Pay 2007*, OME

¹² The pay survey asked separately for details of recruitment and retention, and "other" allowances, paid to unqualified teachers. We assume that "other" allowances refer to the unqualified teachers' allowance for the purpose of this analysis, i.e. that unqualified teachers are not awarded TLR or SEN payments

Representations from consultees

8.5 Consultees made the following suggestions about why schools may employ unqualified teachers, including:

- to meet specific recruitment needs, for example, for teachers with particular skills and knowledge as part of the 14-19 agenda;
- to recruit trainee teachers on employment-based routes;
- as a coping strategy in situations where they had found it difficult to recruit and retain teachers with QTS; or
- to save money.

8.6 Several consultees suggested that many teachers worked as unqualified teachers only for short periods prior to obtaining QTS. Others though, particularly instructors, might be on the unqualified teachers' pay scale for long periods of time.

8.7 RIG provided contextual information and data about unqualified teachers and their pay¹³. RIG noted that the overall number of unqualified teachers had increased considerably between 1994 and 2006 and that there were higher proportions of unqualified teachers in London and certain local authorities outside London. In relation to pay, RIG presented evidence on the value of the unqualified teachers' scale in comparison with the main scale, the average salary and distribution on the pay scale of unqualified teachers. RIG's source of data on unqualified teachers' pay was the Department's Database of Teacher Records and dated from 2005. This broadly accorded with data from the 2007 teachers' pay survey outlined in paragraph 8.4 above, though the pay survey suggests that more teachers are paid on point 1 of the scale than the Database of Teacher Records.

8.8 RIG suggested that most of the teachers paid at point 1 were on employment-based training, so would progress to the main scale on attaining QTS; but that a range of teachers may be paid at point 10, including instructors who had been on the scale for a long time and well-qualified and experienced instructors or overseas-trained teachers who were paid at or above the top of the scale on appointment. Relatively few teachers appeared to be progressing up the scale.

8.9 RIG noted that there was evidence that the unqualified teachers' allowance was frequently used. RIG considered that the advantage of the existing flexibility was that salaries could be topped up to levels that schools considered appropriate, even to that of a qualified teacher or above, if the responsibilities, qualifications or experience of the teacher merited this.

8.10 RIG highlighted new regulations prohibiting age discrimination¹⁴ and sex discrimination case-law developments¹⁵. These legal developments had potential, but uncertain implications for pay systems with length of service

¹³ RIG (2007) Submission to STRB, Section 5. See Appendix B for details.

¹⁴ *Employment Equality (Age) Regulations* (2006) SI 1031

¹⁵ Judgement of the European Court of Justice (2006) *Cadman v. Health & Safety Executive*, C-17/05; and Judgement of the European Court of Justice (1989) *Danfoss*, C-109/88, ECR 3199

elements. RIG considered the length of the unqualified teachers' pay scale to be a concern, although there was evidence that only a minority of unqualified teachers were on the scale for long periods of time and considerable local flexibility. Another concern was that incremental steps between higher points on the scale were worth more money than steps between lower points. RIG also discussed similarities and differences in pay progression arrangements between the unqualified teachers' scale, and the main pay scale.

8.11 The Secretary of State took the view that it was not appropriate to leave the existing pay scale unchanged, since this would create uncertainty and require considerations by local employers that were out of step with those for other parts of the teachers' pay system. RIG noted that legal considerations were a particular driver, and also considered it was a good time to review the pay scale, given the length of time since this was last done and the issues with the structure of the scale. RIG suggested that STRB's review could address the current issues, but need not preclude further consideration of the scale at a later date.

8.12 In relation to the value of the unqualified teachers' pay scale in comparison with the main pay scale, RIG did not think there was evidence that point 1 of the scale was set too low. Raising the value of this minimum starting salary would not send an appropriate signal, given that it was desirable for teachers to attain QTS. There was also no evidence for changing the long-established principle of an overlap between the unqualified teachers' scale and the main pay scale. RIG therefore proposed that the minimum and maximum values of points on the unqualified teachers' pay scale should remain the same.

8.13 RIG proposed that from September 2008 the pay scale be shortened to six points (the same length as the main pay scale), which would provide a maximum of five opportunities for teachers to receive pay progression. RIG proposed that the value of increments between each point should be around £1,400 (larger than at present), and consistent throughout the scale.

8.14 RIG estimated that if roughly 30% of unqualified teachers needed to assimilate to a new point on such a scale in September 2008, the additional cost of these changes in 2008/09 would be a maximum of £2.73 million, (£3.3 million including on-costs). RIG considered this to be relatively small and estimated that year-on-year pay drift as a result of the changes would be minimal. RIG noted that local authorities employing larger numbers of unqualified teachers would experience higher costs.

8.15 RIG argued that it would improve transparency if the revised unqualified teachers' scale worked in a similar way to the main pay scale and that existing differences should be removed. RIG proposed the following arrangements for entry to and progression up the scale:

- schools and services should retain the existing flexibility to determine the point of entry to the scale;
- teachers should continue to progress by one point each year for satisfactory service; and

- the existing discretion to award extra increments at any time should be removed, but the STPCD should give explicit scope to award double increments for excellent performance, as it provides for teachers on the main scale.

8.16 RIG hoped that should STRB endorse its proposals, STRB would consider assimilation arrangements, taking into account the current values of points on the scale and the uneven increments.

8.17 The Welsh Assembly Government provided statistics on the number of unqualified teachers in Wales.

8.18 NUT argued that all teachers with qualifications from another country and working towards QTS through an employment-based route should be paid on the main pay scale. This, NUT argued, would be fairer to teachers with overseas qualifications than the present arrangements, which as outlined in paragraph 8.3, gave local discretion. NUT thought it appropriate to retain the existing flexibility to pay other unqualified teachers on employment-based routes to QTS on the main pay scale; and suggested that consideration should be given to appropriate differentials for those who had already obtained QTS in comparison with those still seeking QTS via an employment-based route.

8.19 UCAC suggested that it would be helpful for the STPCD to define “unqualified teacher status”.

8.20 NGA reported that its board had been split on whether the existing pay scale for unqualified teachers should be unchanged or shortened. GW considered that the scale should be shortened, since it was significantly longer than the main pay scale, and that the differentials between points on the scale should be adjusted; but did not think there was a need to change pay progression arrangements.

8.21 Other consultees did not express views about the existing pay arrangements or propose changes. When asked for opinions about RIG’s proposals in oral representation sessions, most agreed with RIG’s proposals.

Unqualified teachers’ allowance

8.22 RIG considered that it was not unreasonable that the flexibility for schools and services to award an allowance of any value should exist, since unqualified teachers were not eligible to receive TLR payments or SEN allowances, may be employed in a variety of circumstances and had diverse experience and qualifications. Unqualified teachers were eligible for local recruitment and retention incentives, so RIG did not think it appropriate for the unqualified teachers’ allowance to be used for these purposes.

8.23 RIG was concerned that the present arrangements for the allowance were not sufficiently transparent, particularly when compared to arrangements for TLR payments. RIG proposed that the criteria for the award of the unqualified teachers’ allowance should be tightened, so that it may only be awarded in the following circumstances:

- when a teacher has a sustained additional responsibility in the context of the staffing structure, which is focused on teaching and learning; and which requires the exercise of a teacher's professional skills and judgement; or
- when the relevant body considers that teacher's qualifications or experience, as specified in the body's pay policy, means that he or she brings added value to their role in the context of the staffing structure.

RIG argued that these criteria were consistent with the workforce remodelling agenda and the promotion of teachers' professionalism, and that they would aid clarity and proper use of staffing structures.

8.24 RIG proposed that current unqualified teachers' allowances should be the subject of review and three-year safeguarding, on the basis of the established principles, if applicable. In the future, individual teachers' allowances should be subject to review or removal should the teacher's role in the staffing structure change, and that in cases of reductions in or removal of allowances, safeguarding would apply.

8.25 GW did not think there was a need to change to the current arrangements for allowances. Other consultees did not comment.

Other matters raised by consultees

8.26 Consultees highlighted two wider matters that fall outside our scope. Several highlighted that there was anecdotal evidence that some schools used the unqualified teachers' pay scale to pay support staff, such as higher level teaching assistants and people with pastoral responsibilities. Some consultees were concerned about the present arrangements for establishing equivalency of teaching qualifications from outside the European Economic Area (EEA) with QTS.

Our approach

8.27 Since this is the first time in recent years that this part of the pay system has been reviewed, we have paid attention to the wider context, summarised above. We have considered the implications of relevant legal developments¹⁶, and examined the rationale underpinning the present pay arrangements and how these arrangements seem to be operating in practice.

8.28 Before turning to our specific remit, we wish to discuss and propose an alternative for the title "unqualified teacher". At present, this is used to describe teachers who, in fact, are deemed by the law and local managers to be suitably qualified to teach. This is not a homogenous group, and indeed "unqualified" teachers could be sub-categorised differently, for example as trainees, specialist instructors and teachers with overseas qualifications. What they have in common is that they do not have QTS – but they are not unqualified. The current title is misleading, negative and potentially de-motivating. We prefer the title "associate teacher", and use this below. We hope that the Department and others will consider adopting this or an alternative suitable title.

¹⁶ Op.cit. *Employment Equality (Age) Regulations*; op.cit. *Cadman v. Health and Safety Executive*

Our views and recommendations

8.29 We have been asked to consider whether changes should be made to the existing pay scale to ensure it is “fit for purpose”. This part of the pay system has not been reviewed for some time. Based on the STPCD, statistics and information from consultees, it seems that the current pay arrangements for associate teachers are intended to:

- give higher basic salaries to teachers with QTS than associate teachers (though allowing some associate teachers to have basic salaries of similar levels to teachers with QTS in their first few years);
- prescribe a minimum basic salary for associate teachers;
- provide a range of flexibilities for schools and services to pay associate teachers salaries they deem appropriate, and which may be equivalent to those of teachers with QTS. For example, salary may be given in recognition of an associate teacher’s:
 - alternative qualifications, e.g. from overseas;
 - relevant experience or skills, e.g. from teaching in the FE sector or working as a specialist;
 - role and responsibilities in the school or service;
 - performance;
- provide teachers remaining in the associate teacher grade who are not already paid at point 10, with annual, incremental pay progression;
- provide incremental pay progression of greater value for teachers with long service or who, as a result of local discretion, entered the grade at a higher point on the scale;
- when associate teachers move employers, require their new school or service to pay a basic salary of at least the level that the teacher was paid at their previous school.

8.30 Many, though not all, of these principles still seem reasonable. We agree with consultees that the pay system should reward the attainment of QTS and note that there are many routes by which teachers may achieve this qualification. We are also advocates of the pay system providing significant scope for local discretion. However, as consultees have highlighted, the length of the pay scale is a potential concern in terms of equality, and there does not seem to be a sound rationale for the current uneven differences in value between points on the scale, which give higher-value increments at the top of the scale.

8.31 We have been asked to consider whether the pay scale should be shortened; whether differentials between points on the scale should be reviewed; and whether there should be any changes in pay progression criteria. RIG has made proposals, outlined in paragraphs 8.13 to 8.15.

8.32 It is clear that there are some complex issues to untangle. In considering whether the scale is fit for purpose, our first observation must be that its purpose and rationale are not clear. It is also evident that we must proceed carefully in contemplating change, given the variety of teachers who are paid on this scale, the range of uses schools currently make of it, and the risk of unintended consequences. We therefore agree that the first priority should be to address equality concerns arising from the length and unevenness of the scale. Further consideration could then be given to the wider issues at a later date.

8.33 In the light of equality concerns, we agree with consultees that it is undesirable for associate teachers to receive annual pay progression for too many years. But we have reservations about shortening the scale and modelling the pay arrangements for associate teachers too closely on the main pay scale, as RIG has proposed. This would be a major change, when we are not seeking a permanent solution.

8.34 A six-point scale with the current minimum and maximum values and points equally spaced in value in percentage terms would mean that associate teachers would receive annual increments worth 9.6% of their salary. This level of annual increase would be more than double the value of current increments between points 1 to 7 of the current scale and higher than increments enjoyed by other teachers. We are not convinced that rewarding associate teachers' length of service with such large increments is necessary. This would also increase the costs of the scale, in particular for schools and services employing the most associate teachers.

8.35 Further, it does not automatically follow that because associate teachers' roles and responsibilities are most similar to those of classroom teachers, the same pay arrangements should apply. As we have highlighted, associate teachers are not a single, homogenous group, and their existing pay arrangements are distinct from those for teachers with QTS. Indeed, in our view, the existing arrangements are operating more like a pay spine than a scale. There is significant local discretion, for example over starting salary and pay progression, which is clearly being applied locally; and associate teachers are not uniformly entering at the minimum of the scale and progressing annually to the maximum. We are also concerned that the arrangements proposed by RIG would significantly reduce local flexibility, which could have unintended consequences.

8.36 We therefore think that the best solution to address equality concerns is for associate teachers to be paid on individual pay scales of up to five points, within the national ten point pay spine. Details are below. This goes with the grain of the current pay arrangements and local practice, since schools are already determining appropriate levels of pay for these teachers. It will retain a significant degree of local flexibility, but provide parameters and reduce legal risk. It should also be less costly and be less likely to risk unintended consequences than pay scale shortening.

8.37 It seems sensible to take point 1 and point 10 of the existing scale as the minimum and maximum for a ten-point pay spine and to increase their value in line with the pay award. Consultees have not proposed that the present values should be adjusted, and there is no evidence that they are inappropriate. Points on the pay spine should be rationally spaced in value, so that associate teachers who progress up the spine receive consistent percentage pay increases. This will be fairer and more logical than the present arrangements.

8.38 As noted, the current spine allows too many years of incremental progression. In our view, it would be reasonable and logical to allow there to be annual, incremental pay progression for up to four years in post, assuming satisfactory performance. This would reflect the fact that teachers develop in post, provide for adequate pay progression for associate teachers and be consistent with employment law.

8.39 There should continue to be scope for managers to offer associate teachers salaries at a high or even the top point of the spine (point 10), for example on appointment or following a review of salaries. In such cases, there will – as now – be limited scope for further incremental progression.

8.40 We are therefore recommending that associate teachers be paid a basic salary on the pay spine, determined by the individual school or service. Schools should select an individual pay scale of up to five consecutive points on the pay spine for each teacher and decide on a point in that scale on which the teacher should start. In cases where schools deem it appropriate for a teacher's individual pay scale to start at above point 6, the pay scale for that teacher will be shorter than five points, and teachers paid at point 10 will, in effect, have a spot salary.

8.41 When determining the appropriate individual pay scale on the spine, local managers should have regard to the teacher's qualifications, skills and experience that they consider of value in the performance of the teacher's duties. This is consistent with existing practice, so should be straightforward for managers. The STPCD already makes clear that it is good practice for local pay policies to outline the basis for pay decisions, to ensure fairness and transparency¹⁷.

8.42 The present automatic retention of points on the pay scale when associate teachers move between employers is inconsistent with the level of flexibility that otherwise characterises this part of the pay system. Different schools and services will make different judgements about what salaries are appropriate. The present arrangements risk costs and inequalities becoming embedded. It should therefore be the case that when associate teachers consider moving schools, their new school or service offers them a new individual pay scale or, when appropriate, spot salary. It is unlikely that many associate teachers would decide to move to a new post offering a lower salary, but theoretically this could happen.

¹⁷ Op.cit. DCSF, *School Teachers' Pay and Conditions Document 2007*, Section 3, paragraphs 6 to 14

8.43 Our Sixteenth Report set out our views about the basis for pay progression for associate teachers and recommended changes to the STPCD¹⁸. As outlined in Chapter 1, the Secretary of State decided not to implement our recommended changes. We will wish to return to this issue at a suitable point, but in the meantime propose that the existing pay progression arrangements for teachers on the main pay scale apply to the pay progression of associate teachers on their individual scales. This would provide explicit scope for managers to award double points for excellent performance, but prevent schools from awarding additional points to associate teachers for other reasons. Whilst not our preferred approach, these arrangements would be clear, familiar to managers and an improvement on the present arrangements.

Allowance payable to associate teachers

8.44 We have been asked to review the role and nature of the unqualified teachers' allowance. At present, schools can award associate teachers an allowance, in addition to their salary, of any value where they consider that a teachers' salary is not adequate having regard to their responsibilities or to any relevant qualifications or experience relevant to their specialised form of teaching (paragraph 8.3).

8.45 There is evidence that this flexibility is used, in particular to pay associate teachers at the top of the pay scale (paragraph 8.4). In practice, it could be the case that schools and services take into account similar factors when determining associate teachers' basic salaries and allowances, to decide on an appropriate overall salary in those cases where the scale is insufficiently flexible.

8.46 As with the pay scale, the original rationale for the allowance is unclear, and the available evidence suggests that it is used for a range of reasons. We do not, however, think that there is anything fundamentally wrong with the existing arrangements that would necessitate immediate change pending any future review of this part of the pay system.

8.47 The STPCD cannot prescribe for the range of local circumstances that may arise with such a diverse group of teachers, so it is right that, for the moment, schools should continue to have scope to pay an additional allowance to associate teachers in addition to their basic salary, and have discretion over its value. They should, of course, make transparent the basis for the use of the allowance in the local pay policy.

8.48 We agree that the allowance should not be paid in response to recruitment and retention considerations, since the STPCD already provides scope for schools to offer local recruitment and retention incentives. It would be helpful for guidance to clarify this.

8.49 RIG has suggested that the allowance could be used to reward teachers for undertaking a sustained, additional responsibility in the context of the staffing structure, focused on teaching and learning and requiring the expertise of a teacher's professional skills and judgement. We do not think,

¹⁸ Op.cit. STRB, *Sixteenth Report*, Chapter 6

however, that changes to the criteria for the allowance would be helpful at this time. These already refer to associate teachers' responsibilities; and the changes proposed by RIG could duplicate aspects of TLR payments, which seems inconsistent with the need to simplify the pay system and could have unintended consequences.

Review and change of associate teachers' salary or allowance

8.50 A consequential matter arising from our remit is the circumstances in which an associate teacher's salary or allowance may be reviewed or changed. In our view, schools and services should be able to review an associate teacher's salary, allowance – or both – at any time, either on an individual basis or as part of a wider review of salaries. The same guidance in the STPCD on selecting individual pay scales and allowances should apply.

Implementation

8.51 These adjustments should, we hope, be straightforward to implement by September 2008. Schools and services will need to review the salaries of other associate teachers in post and select appropriate individual pay scales. In many cases, for example for teachers at point 10 of the existing scale, this will be as simple as transferring teachers across to the equivalent point of the new scale; in the case of teachers in the middle of the scale, more thought will be needed. Decisions should be made on the same basis as applies for determining the appropriate five-point scale or awarding an allowance when appointing new teachers. It may be appropriate to update local pay policies.

8.52 We would not expect there to be many cases where, following this transition or future local reviews of individual teachers' salaries or allowances, schools or services decide to reduce an associate teacher's salary or allowance. If such circumstances do arise, however, it would seem sensible for the established safeguarding principles to apply¹⁹.

8.53 If necessary when these changes have bedded in, we could give further consideration to pay arrangements for associate teachers. At such a time, it would be helpful to have further information about associate teachers and in particular specific groups, since it is likely that different issues will arise for trainees, for example, than for experienced, specialist instructors.

8.54 **We recommend that from September 2008:**

- **the pay scale for unqualified teachers become a ten-point pay spine, ranging from £15,113 to £23,903 in band D, £16,106 to £24,893 in band C, £17,953 to £26,746 in band B and £19,007 to £27,794 in band A, with points on the spine evenly spaced in value in percentage terms. Full details are in Appendix C;**
- **when appointing associate teachers, including when teachers move from another school or service, individual schools and services select an individual pay scale of five consecutive points on the pay spine for each associate teacher and decide on a point within that scale on which the teacher should be paid;**

¹⁹ Op.cit. DCSF, *School Teachers' Pay and Conditions Document 2007*, Section 2, paragraphs 5.1.1 to 5.3

- schools and services have flexibility to select a smaller number of points where they deem it appropriate for an individual pay scale to start at points 7 to 9 of the spine; and a spot salary where they deem it appropriate for the teacher to be paid at point 10;
- in selecting individual pay scales, schools have regard to the teacher's qualifications, skills and experience that they consider to be of value in the performance of the teacher's duties;
- arrangements for pay progression for associate teachers within their individual pay scales be consistent with those for pay progression of qualified teachers on the main pay scale;
- teachers receive pay progression on this basis until they reach the top of their individual scale within the spine;
- arrangements for the allowance for these teachers remain as currently specified in the STPCD²⁰, with guidance making clear that the allowance should not be used in response to recruitment and retention considerations;
- once determined, associate teachers' basic salaries and allowances may be reviewed if the school or service deems this appropriate, either on an individual basis or as part of a wider review of salaries.

We recommend:

- subject to our review of teachers' pay, further indicative increases of 2.3% from September 2009 and 2.3% in September 2010 in the values of the associate teachers' pay spine.

²⁰ Ibid. Section 2, paragraph 39

CHAPTER 9

Forward Look

9.1 In this report, our first on teachers' pay for two years, we have recommended pay increases for September 2008 and indicative increases for September 2009 and 2010, with a programmed review of teachers' pay in 2009, when we will take stock of the situation closer to the time of implementation in order to ensure that the indicative increases we have recommended remain appropriate.

9.2 This report has also recommended targeted pay measures to help recruit and retain high quality teachers in London, and, looking further ahead, a review to ensure that the four pay bands within the national pay system effectively help those areas facing the most significant local labour market challenges.

9.3 In the second part of this report, to be submitted in March 2008, we will report on the other matters in our remit, including pay and conditions for the leadership group, teachers' professional responsibilities and short-notice teachers' pay arrangements. Just prior to submitting this report, we received submissions from consultees on these matters.

9.4 The Secretary of State asked us to include in this report any recommendations that we believed would have significant cost implications for the coming CSR period. We have not yet completed our consultation or analysis on the second set of matters in our remit, so are not yet in a position to formulate recommendations or assess their cost implications. As we progress this work we will, of course, have regard to affordability and other considerations.

9.5 We also intend to make further recommendations on the modification of pay arrangements for other categories of teachers, in particular "unattached" teachers, including those in the leadership group. Further to the recommendation in our Fifteenth Report that the Department investigate the pay and conditions of these teachers in comparison with other teachers, the Department has published a report¹.

9.6 Further into the future, we look forward to returning to our review of SEN allowances, the Department's review of the Excellent Teacher Scheme, and, of course, our review of teachers' pay in 2009.

¹ DCSF (2007) *Investigation into the Pay and Conditions of Unattached Teachers*
Available at: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11548>>

APPENDIX A

Remit and Directions from the Secretary of State and Letters about Teachers' Pay for 2006 to 2008



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Rt Hon Alan Johnson MP

Bill Cockburn CBE TD
Chairman
School Teachers' Review Body
Office of Manpower Economics
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Kingsgate House
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29 March 2007

Dear Bill

STRB REMIT: MATTERS FOR REPORT

I am writing to set out some issues on which the Government seeks recommendations from the School Teachers' Review Body (STRB), and a timetable for reporting on these.

Within the framework of previous, including the most recent, STRB recommendations, and in consultation with stakeholders, we are looking to bring in a range of important changes in teachers' pay arrangements in the coming years (subject to the completion of the due statutory processes, and additional consultation as appropriate). These include changes to part-time teachers' pay arrangements and the introduction of the new pay ranges for excellent teachers (which are also covered in this remit).

We have also already introduced a range of other significant important changes following STRB recommendations, including Teaching and Learning Responsibility payments and salary safeguarding.

Further matters are also in the process of being followed up. The survey of unattached teachers should be completed by Easter 2007, and we hope this will give some useful pointers on the position relating to unattached teachers, though we anticipate that further work will be required. And we plan to take other important matters further following your last report, as signalled in the Secretary of State's Parliamentary Statement, including a thorough review of SEN allowances.

This remit sets out a number of challenging issues on which I am requesting STRB recommendations. We are now looking towards the next pay award period for England and Wales, in what will be a very challenging financial context for the public sector. We have now, thanks to STRB recommendations, had multi-year awards

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since 2004, and these have been very important in ensuring predictability and stability in schools' budgets. The STRB's next pay award recommendations will be critical.

There is also a demanding agenda in relation to the Leadership Group, resulting from the STRB's 15th report recommendation that a review should take place, which has led to the recently-published PricewaterhouseCoopers report. Clearly at this relatively early stage there is much further consideration and discussion that must take place, but we look forward to developing evidence for the STRB.

Considerations to which the STRB is to have regard

The considerations should include the following:

- a. the need to make all recommendations affordable within a context of a requirement for responsibility in all public sector pay settlements and, with regard to wider Government pay policy, in particular you should continue to base pay settlements on the achievement of the inflation target of 2 per cent, and the need for education funding to meet a range of priorities linked to school improvement. You should also take into consideration the specific pay pressure which may arise from the changes to part-time teachers' pay arrangements set out in your 16th report, including the effects on pay drift;
- b. the Government's commitment to three-year budgeting and the need for schools and local authorities to be able to plan ahead, in which a further multi-year teachers' pay award will be key;
- c. the principle that pay progression should continue to be linked to greater challenge for the individual (in a context where teachers are well supported professionally);
- d. the need to ensure consistent and reasonable pay arrangements which encourage teacher professionalism together with enhancing recruitment and retention;
- e. the importance of promoting the simplification of the pay system;
- f. the context of the new professionalism agenda and the range of work taken forward and in progress; and
- g. the need for coherence across the pay system.

The Review Body should also give due regard to the relevant legal obligations, particularly anti-discrimination legislation regarding gender, race, sexual orientation, religion and belief, age and disability.

Matters for recommendation

I refer to the STRB the following matters for recommendation:

- a. whether teachers' pay should increase and if so, the appropriate increase, taking into account in particular the factors identified above. I request the STRB, in line with our school funding reforms, to make recommendations on an award which runs from September 2008 – August 2011;
- b. whether the salary ranges for excellent teachers set out in the Fifteenth Report should be updated also in line with any general increase applied to pay scales;
- c. whether the value of SEN allowances should be uplifted over the period of the award, subject to the outcome of the proposed future review;
- d. whether the nationally applicable maxima and minima for the value of TLR payments applicable in England and Wales should increase in line with any general pay award recommendations; and whether any adjustments are needed to differentials within and between the ranges to take account of new uplifts, in any or all of the years for which you are making recommendations;
- e. following the 'Gateways to the Professions' report of November 2005 and the Government's response, whether teachers' starting salaries should be affected by the changes in student support identified in recommendation 16 in the report (see www.dfes.gov.uk/hegateway/hereform/gateways-to-the-professions/index.cfm);
- f. whether changes should be made to the unqualified teachers' pay scale to ensure it is fit for purpose, in particular whether it should be shortened; whether the differentials between progression points should be reviewed; and whether there should be any changes in progression criteria in the light of any changes you recommend. You should also review the role and nature of the unqualified teachers' allowance;
- g. whether any further modifications are required to the pay arrangements of any particular category of teachers, including those in the leadership group and on regional pay bands;
- h. what changes should be made to pay arrangements to specify how short-notice teachers' pay must be calculated and paid, including holiday pay;
- i. what should constitute new statements of teachers' professional roles and responsibilities, following your recommendations in the 16th Report on this matter; and a corresponding set of roles and responsibilities for the leadership group; with the aim of producing a coherent set of roles and responsibilities which will apply across the profession;

- j. whether, to ensure that every school has the scope to establish the leadership structures that will meet their needs, there should be changes to the pay and conditions for the leadership group, taking account of the need to:
 - o allow for federations and other collaborative arrangements that might provide effective solutions to schools' needs;
 - o aid and promote the distribution of leadership within schools, as appropriate; and
 - o enable appropriate leadership and management arrangements for the extended services provided directly or indirectly through their schools.

When considering professional roles and responsibilities and leadership the STRB should have particular regard to the need to ensure that recommendations support the significant changes that will affect the school system in the coming years, including those arising from extended schools and from reforms to provision for 14 – 19 year olds. I would be grateful if the review body could also give their consideration to the question of how best to increase the diversity of leadership groups in school.

Timescale for report

This is a demanding agenda and the timing of your report will be critical in respect of a range of issues. In order to allow adequate time for consideration of and consultation on your recommendations before any changes are introduced, your report on items a – g should be with me by Friday 26 October 2007, as should any recommendations on the other items that you believe will have significant cost implications for the forthcoming CSR period. Your report on items h – j should follow by Monday 17 March 2008.

I remain, as ever, very grateful to the Review Body for its work and look forward to receiving its recommendations.

A handwritten signature in black ink, appearing to read 'Yours Alan', with a large flourish on the left side.

ALAN JOHNSON



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Rt Hon Alan Johnson MP
Secretary of State for Education and Skills
Sanctuary Buildings
Great Smith Street
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SW1P 3PT

17 April 2007

Dear Alan,

Thank you for your letter of 29 March outlining matters for our consideration and recommendation, including teachers' pay from September 2008.

As you know, when we last reported on teachers' pay in our Fifteenth Report in 2005 we recommended a multi-year pay award, with increases in September 2006 and September 2007. Integral to this multi-year award was a review mechanism based on inflation, with lower and upper thresholds. We specified the circumstances in which any of our consultees could ask us to consider the case for seeking a remit from you to review teachers' pay. These recommendations were accepted by Government.

The percentage change in the average RPI index between the twelve months ending in March 2006 and the twelve months ending in March 2007 was 3.7%, which is materially above the upper threshold of 3.25%. We have received representations from NUT and joint representations from ASCL, ATL and NASUWT asking us to seek a remit to review teachers' pay.

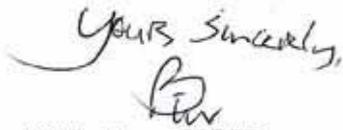
Our calculations, using the methodology defined in our Fifteenth Report, are in the enclosed annex. In our view, they create a prima facie case for a review by STRB. I am therefore writing to seek a remit to undertake a review of teachers' pay for the period between September 2006 and August 2008, in accordance with the process outlined in our Fifteenth Report.

I should emphasise that there should be no presumption of any particular outcome of the review. As our report made clear, in reaching our views and recommendations about teachers' pay we have regard to a range of labour market indicators and other considerations.



It would be helpful to have an early response, to allow us to manage the interaction between this matter and the matters and pressing deadlines in your letter of 29 March.

I am copying this letter to the General Secretaries of NUT, ASCL, ATL and NASUWT.

Yours Sincerely,


Bill Cockburn, CBE TD
Chair, School Teachers' Review Body



Annex: Basis for STRB Calculations

(As set out in the Fifteenth STRB Report, paragraph 3.69 and footnote 6)

Calculations are based on the RPI all items index rounded to one decimal place. The most recent series is based at January 1987 = 100 (CHAW). For the April 2007 calculation, first calculate an arithmetic average of the 12 monthly CHAW indices from April 2005 to March 2006 and round this to one decimal place (call the result Y0). Then calculate the arithmetic average of the 12 monthly CHAW indices from April 2006 to March 2007 and round this to one decimal place (call the result Y1). The annual inflation rate is then the percentage change from Y0 to Y1, again rounded to one decimal place.

Month	RPI (CHAW) Index
April 2005	191.6
May 2005	192
June 2005	192.2
July 2005	192.2
August 2005	192.6
September 2005	193.1
October 2005	193.3
November 2005	193.6
December 2005	194.1
January 2006	193.4
February 2006	194.2
March 2006	195
April 2006	196.5
May 2006	197.7
June 2006	198.5
July 2006	198.5
August 2006	199.2
September 2006	200.1
October 2006	200.4
November 2006	201.1
December 2006	202.7
January 2007	201.6
February 2007	203.1
March 2007	204.4
Average from April 2005 to March 2006 ('Y0')	193.1
Average from April 2006 to March 2007 ('Y1')	200.3
Percentage change from Y0 to Y1	3.7%





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Rt Hon Alan Johnson MP

Bill Cockburn CBE, TD
Chair
School Teachers' Review Body
Office of Manpower Economics
6th Floor
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66-74 Victoria Street
London
SW1E 6SW

5 June 2007

Dear Bill

Thank you for the letter of 18 April seeking a remit to undertake a review of teachers' pay for the period between September 2006 and August 2008 – the current pay award - in accordance with paragraph 3.69 in the 15th report.

As you know, the current teachers' pay award runs from September 2006 to September 2008. By April 2007 we were only 7 months into this 24-month award. We must balance these inflation figures against conditions over the period of the whole award. The Government's expectation is that inflation will return to the target of 2 per cent later this year and that the target will continue to be met in the medium-term. Considering future inflation until the end of 2007/08, we expect the average rate of inflation over that period to be substantially lower than current levels.

The review mechanism proposed in paragraph 3.69 of your 15th report provided the basis on which you might seek a remit to review pay for the period in question. As you are aware, the mechanism as accepted does not determine a particular course of action on receipt of any such request. In my view, the options I now have are to do nothing, to accede to the request or to ask you to look at the factors which led to your request in the context of the next pay award.

Having given careful consideration to your request I have concluded that the best course would be for the STRB to consider these concerns - alongside other evidence about retention and recruitment and the impacts on budgets - when making recommendations for the next pay award. So I will not be giving you a separate remit to review the current settlement.

department for
education and skills
creating opportunity, releasing potential, achieving excellence



This decision is based on the expectations of inflation over the whole pay-award period, on the fact that the pay award for teachers this year already represents a better outcome than that envisaged in the Government's pay policy for public sector workers, and given the close proximity of the new remit for the next pay award.

It is this new remit that should be used to address concerns over the levels of inflation over the current pay-award period which can be made clear by all parties in the evidence they submit to the STRB as part of the remit sent to you on 29 March.

I am copying this letter to other statutory consultees.

Yours
Alan

ALAN JOHNSON

APPENDIX B

Conduct of the Review

B1 On 29 March 2007, the Secretary of State for Education and Skills asked us to consider ten matters on teachers' pay and conditions, including whether teachers' pay should increase, and submit a report by 26 October 2007. We were asked to make recommendations on three further matters by 17 March 2008. We were asked to have regard to a number of considerations. The Secretary of State's letter is at Appendix A.

B2 On 18 April 2007, the STRB Chair wrote to the Secretary of State about teachers' pay in the period between September 2006 and August 2008. The Secretary of State replied on 5 June 2007, see Appendix A.

B3 Our work to respond to the first seven matters and the Secretary of State's letter of 5 June took place between April and October 2007. We will report in Part Two of this report on our work to respond to the three further matters in our remit.

Consultation

B4 On 29 March 2007, we gave the following organisations the opportunity to make written representations and provide evidence on the matters on which we were due to report in October:

Government organisations

Department for Children, Schools and Families (DCSF), formerly the Department for Education and Skills (DfES)
General Teaching Council for England (GTCE)
Training and Development Agency for Schools (TDA)
Welsh Assembly Government

Organisations representing teachers

Association of School and College Leaders (ASCL)
Association of Teachers and Lecturers (ATL)
British Association of Teachers of the Deaf (BATOD)
National Association of Head Teachers (NAHT)
National Association of Schoolmasters Union of Women Teachers (NASUWT)
National Union of Teachers (NUT)
Professional Association of Teachers (PAT)
Undeb Cenedlaethol Athrawon Cymru (National Association of the Teachers of Wales) (UCAC)

Association of local authorities

National Employers' Organisation for School Teachers (NEOST)

Organisations representing governors

National Governors' Association (NGA)

Governors Wales (GW)

B5 We invited the above consultees to respond in writing by 24 May 2007 and asked them to copy their submissions to other consultees. We later gave consultees an opportunity to comment in writing on other consultees' representations and evidence, and the letter of 5 June from the Secretary of State, reproduced in Appendix A, by 28 June 2007.

B6 We additionally notified the following organisations of our remit:

Agency for Jewish Education
Association of Directors of Education in Wales
Catholic Education Services for England and Wales
Her Majesty's Inspectorate for Education and Training in Wales (Estyn)
Foundation and Aided Schools' National Association (FASNA)
Free Church Education Unit
General Synod of the Church of England
General Teaching Council for Wales (GTCW)
Information for School and College Governors (ISCG)
Methodist Education
National College for School Leadership (NCSL)
National Primary Schools' Association
Office for Standards in Education, Children's Services and Skills (Ofsted)

B7 The following consultees made written submissions in May 2007: ASCL and NAHT (joint submission)¹, ATL, NASUWT and PAT (joint submission)², BATOD³, the Department⁴, GW⁵, NEOST, NGA⁶, NUT⁷, TDA and UCAC⁸. ASCL, ATL, DCSF, NAHT, NASUWT, NEOST and PAT additionally made a joint submission as the Rewards and Incentives Group (RIG)⁹. Due to the elections for the National Assembly for Wales in May 2007 and subsequent changes, including the appointment of a new Welsh Minister for Children, Education, Lifelong Learning and Skills, the Welsh Assembly Government was not able to make a submission in May, although it did submit factual information.

¹ ASCL, NAHT (2007):

<<http://www.naht.org.uk/newsdocs/1073/nahtandasclsubmissiontostrbfinal24may2007.pdf>>

² ATL, NASUWT, PAT (2007): <http://www.nasuwt.org.uk/shared_asp_files/GFSR.asp?NodeID=73596>

³ BATOD (2007): <<http://www.batod.org.uk/index.php?id=batod/latest/payconditions/STRB07.htm>>

⁴ DCSF (May 2007) First submission to STRB: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11449>> ; and annex, Student Loans and the Question of Debt: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11451>>

⁵ GW (2007): <<http://www.governorswales.org.uk/publications/consultation-responses/>>

⁶ NGA (2007): <http://www.tnmuk.com/ngc/subdocument_link.asp?ID=203>

⁷ NUT (2007) First submission to STRB: <http://www.nut.org.uk/resources/pdf/NUT_STRB_Submission_May07.pdf>

⁸ UCAC (2007): <<http://www.athrawn.com/images/Upload/STRB%20-%20UCAC's%20Submission%20May%202007PAIJJ.doc>>

⁹ RIG (2007): <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11447>>

B8 The Secretary of State for Education and Skills and the following organisations were invited to make oral representations: ASCL, ATL, NAHT, NEOST, NGA, NUT, PAT, TDA, RIG, UCAC and the Welsh Assembly Government. RIG members were also invited to make joint representations on the matters in the joint RIG submission.

B9 Nine meetings were held in June and July 2007 at which the following organisations made representations: RIG (including the Secretary of State and Minister of State for Schools), ASCL and NAHT (joint meeting), ATL, NASUWT and PAT (joint meeting, of which ASCL attended part), the Department (including the Secretary of State and Minister of State for Schools), NEOST, NGA, NUT, TDA and UCAC.

B10 A number of consultees made supplementary written submissions. In June 2007:

- The Minister of State wrote to the STRB Chair on behalf of RIG, to update information in the earlier RIG submission¹⁰.
- ASCL, ATL, NASUWT and PAT made a joint submission¹¹ further to the letter of 5 June from the Secretary of State to the STRB Chair (see Appendix A).
- NUT made a submission further to the Secretary of State's letter¹². This also provided comments about other consultees' submissions.

B11 In July 2007:

- NUT wrote to STRB about review mechanisms for multi-year pay awards, following a request from STRB in the meeting with NUT.
- The Department provided a written response to a request for further information¹³.
- The Department submitted and published relevant statistics, which were later updated¹⁴.
- The Welsh Assembly Government submitted written representations¹⁵.

¹⁰ Knight, J., Minister of State for Schools and 14 to 19 Learners (26 June 2007), letter to STRB Chair on behalf of RIG updating information in the RIG submission on PGCE bursaries and golden hellos: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11552>>

¹¹ ASCL, ATL, NASUWT, PAT (2007): <http://www.nasuwt.org.uk/shared_asp_files/GFSR.asp?NodeID=73598>

¹² NUT (2007) Second submission to STRB: <<http://www.nut.org.uk/resources/word/STRBSUPPLEMENTARYJUNE07.doc>>

¹³ DCSF (2007) Second submission to STRB: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11637>>

¹⁴ DCSF (2007) Third submission to STRB: <<http://www.teachernet.gov.uk/management/payandperformance/pay/revisedversion/>>

¹⁵ Welsh Assembly Government (2007) First submission to STRB: <<http://new.wales.gov.uk/docrepos/40382/4038232/403829/4038293/1080190/school-teachers-review-07-e.pdf?lang=en>>

B12 In August 2007:

- The Department submitted analysis of the teachers' pay bill and information of relevance to STRB's consideration of affordability¹⁶.
- ASCL, ATL, NAHT and PAT made a joint submission about the Department's analysis of the teachers' pay bill.

B13 In September 2007:

- The Welsh Assembly Government provided a written response to a request for further information¹⁷.
- NUT made a submission about the Department's analysis of the teachers' paybill.

Visits and Meetings

B14 In total, STRB had 14 working meetings between 29 March 2007, when the remit was received, and 26 October 2007, when the report was submitted. This includes oral representation meetings with consultees.

B15 In addition, in February and March 2007 members of STRB visited the following areas:

- Haringey (Inner London, band A)
- Hounslow (Outer London, band B)
- Manchester
- Norfolk

B16 Eight schools were visited in total: four secondary schools and four primary schools. In each school, STRB members met groups of teachers and leaders to discuss pay and conditions. During the visits to Manchester and Norfolk, STRB members additionally met groups of school leaders and officials of local authorities.

B17 STRB members attended and made presentations at three NCSL regional events in March 2007 and met the Chief Executive of the Innovation Unit in September 2007.

B18 The Chair met the then Secretary of State, Alan Johnson, and the General Secretaries of ASCL, ATL, NAHT, NASUWT, NUT and PAT in February 2007. He met the Secretary of State, Mr. Johnson, again in May 2007 and, with Monojit Chatterji, also attended an annual presentation by HMT for Review Body Chairs and Economists in July 2007.

¹⁶ DCSF (2007) Fourth submission to STRB: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11767>>

¹⁷ Welsh Assembly Government (2007) Second submission to STRB: <<http://new.wales.gov.uk/docrepos/40382/4038232/403829/4038293/1080190/wag-representation-to-strb-e.pdf?lang=en>>

APPENDIX C

Current and Recommended Pay Levels

Scale for qualified teachers in band D (currently covering England and Wales excluding London and the fringe)¹

Scale point	Current £pa	Recommended <i>1 September 2008</i> £pa
Main pay scale		
M1	20,133	20,627
M2	21,726	22,259
M3	23,472	24,048
M4	25,278	25,898
M5	27,270	27,939
M6	29,427	30,148
<hr/>		
Upper pay scale		
U1	31,878	32,660
U2	33,060	33,870
U3	34,281	35,121

Scale for qualified teachers in band C (currently covering the fringe)¹

Scale point	Current £pa	Recommended <i>1 September 2008</i> £pa
Main pay scale		
M1	21,102	21,619
M2	22,692	23,248
M3	24,438	25,037
M4	26,250	26,894
M5	28,239	28,931
M6	30,393	31,138
<hr/>		
Upper pay scale		
U1	32,847	33,652
U2	34,026	34,860
U3	35,250	36,114

¹ The main and upper pay scales are for teachers other than those in the leadership group, ASTs, Excellent Teachers and "unqualified" teachers.

Scale for qualified teachers in band B (currently covering outer London)²

Scale point	Current £pa	Recommended <i>1 September 2008</i> £pa
Main pay scale		
M1	23,118	<i>24,000</i>
M2	24,501	<i>25,487</i>
M3	26,247	<i>27,065</i>
M4	28,053	<i>28,741</i>
M5	30,432	<i>31,178</i>
M6	32,751	<i>33,554</i>
<hr/>		
Upper pay scale		
U1	34,650	<i>35,926</i>
U2	35,832	<i>37,257</i>
U3	37,164	<i>38,634</i>

Scale for qualified teachers in band A (currently covering inner London)²

Scale point	Current £pa	Recommended <i>1 September 2008</i> £pa
Main pay scale		
M1	24,168	<i>25,000</i>
M2	25,548	<i>26,581</i>
M3	27,327	<i>28,261</i>
M4	29,328	<i>30,047</i>
M5	31,584	<i>32,358</i>
M6	33,936	<i>34,768</i>
<hr/>		
Upper pay scale		
U1	37,809	<i>39,114</i>
U2	39,666	<i>41,035</i>
U3	41,004	<i>42,419</i>

² The main and upper pay scales are for teachers other than those in the leadership group, ASTs, Excellent Teachers and "unqualified" teachers. Italic text denotes an enhanced pay award. We have recommended an indicative minimum starting salary (M1) for teachers in band A of £25,000, and for teachers in band B of £24,000, from September 2008, and consequential amendments to the main pay scale in these bands. We have also recommended enhancement in the value of the upper pay scale in bands A and B.

**Pay range for Excellent Teachers in bands B, C and D
(currently covering England and Wales excluding inner London)**

	Recommended <i>1 September 2008</i> £pa
Minimum	37,672
Maximum	48,437

Pay range for Excellent Teachers in band A (currently covering inner London)

	Recommended <i>1 September 2008</i> £pa
Minimum	37,672
Maximum	53,819

Additional payments for classroom teachers

	Current £pa	Recommended <i>1 September 2008</i> £pa
Teaching and Learning Responsibility Payment (TLR 2)		
Minimum	2,364	2,422
Maximum	5,778	5,920
Teaching and Learning Responsibility Payment (TLR 1)		
Minimum	6,829	6,997
Maximum	11,557	11,841
Special Educational Needs Allowance (SEN 1)	1,866	1,912
Special Educational Needs Allowance (SEN 2)	3,687	3,778

**Spine for the leadership group in band D (currently covering
England and Wales excluding London and the fringe)**

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
L1	34,938	35,794
L2	35,814	36,692
L3	36,708	37,608
L4	37,623	38,545
L5	38,559	39,504
L6	39,525	40,494
L7	40,590	41,585
L8	41,526	42,544
L9	42,564	43,607
L10	43,656	44,726
L11	44,790	45,888
L12	45,822	46,945
L13	46,968	48,119
L14	48,138	49,318
L15	49,338	50,547
L16	50,649	51,890
L17	51,813	53,083
L18	53,115	54,417
L19	54,432	55,766
L20	55,782	57,149
L21	57,162	58,563
L22	58,581	60,017
L23	60,033	61,504
L24	61,521	63,029
L25	63,051	64,596
L26	64,611	66,194
L27	66,210	67,833
L28	67,854	69,517
L29	69,534	71,238
L30	71,265	73,011
L31	73,026	74,816
L32	74,841	76,675
L33	76,701	78,581
L34	78,597	80,523
L35	80,550	82,524
L36	82,545	84,568
L37	84,597	86,670
L38	86,691	88,815
L39	88,803	90,979
L40	91,020	93,250
L41	93,294	95,580
L42	95,631	97,974
L43	98,022	100,424

Spine for the leadership group in band C (currently covering the fringe)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
L1	35,901	36,781
L2	36,777	37,679
L3	37,671	38,594
L4	38,589	39,535
L5	39,528	40,497
L6	40,491	41,484
L7	41,559	42,578
L8	42,489	43,530
L9	43,530	44,597
L10	44,622	45,716
L11	45,753	46,874
L12	46,791	47,938
L13	47,937	49,112
L14	49,104	50,308
L15	50,298	51,531
L16	51,615	52,880
L17	52,785	54,079
L18	54,081	55,406
L19	55,398	56,756
L20	56,751	58,142
L21	58,134	59,559
L22	59,550	61,009
L23	60,996	62,491
L24	62,490	64,022
L25	64,014	65,583
L26	65,580	67,187
L27	67,176	68,822
L28	68,817	70,504
L29	70,503	72,231
L30	72,228	73,998
L31	73,995	75,808
L32	75,810	77,668
L33	77,670	79,573
L34	79,566	81,516
L35	81,519	83,517
L36	83,511	85,558
L37	85,563	87,660
L38	87,657	89,805
L39	89,766	91,966
L40	91,989	94,243
L41	94,260	96,570
L42	96,600	98,967
L43	98,991	101,417

Spine for the leadership group in band B (currently covering outer London)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
L1	37,710	38,634
L2	38,586	39,532
L3	39,477	40,445
L4	40,398	41,388
L5	41,334	42,347
L6	42,297	43,334
L7	43,365	44,428
L8	44,301	45,387
L9	45,336	46,447
L10	46,431	47,569
L11	47,559	48,725
L12	48,597	49,788
L13	49,743	50,962
L14	50,907	52,155
L15	52,107	53,384
L16	53,421	54,730
L17	54,585	55,923
L18	55,890	57,260
L19	57,207	58,609
L20	58,557	59,992
L21	59,937	61,406
L22	61,353	62,857
L23	62,805	64,344
L24	64,293	65,869
L25	65,823	67,436
L26	67,383	69,034
L27	68,982	70,673
L28	70,626	72,357
L29	72,306	74,078
L30	74,037	75,851
L31	75,801	77,659
L32	77,613	79,515
L33	79,476	81,424
L34	81,372	83,366
L35	83,322	85,364
L36	85,314	87,405
L37	87,372	89,513
L38	89,463	91,655
L39	91,575	93,819
L40	93,795	96,093
L41	96,069	98,423
L42	98,400	100,811
L43	100,794	103,264

Spine for the leadership group in band A (currently covering inner London)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
L1	41,541	42,559
L2	42,420	43,460
L3	43,317	44,379
L4	44,229	45,313
L5	45,171	46,278
L6	46,134	47,265
L7	47,202	48,359
L8	48,135	49,315
L9	49,170	50,375
L10	50,265	51,497
L11	51,393	52,653
L12	52,431	53,716
L13	53,577	54,890
L14	54,747	56,089
L15	55,941	57,312
L16	57,258	58,661
L17	58,422	59,854
L18	59,724	61,188
L19	61,041	62,537
L20	62,391	63,920
L21	63,771	65,334
L22	65,190	66,788
L23	66,636	68,269
L24	68,130	69,800
L25	69,657	71,364
L26	71,217	72,962
L27	72,816	74,600
L28	74,460	76,285
L29	76,143	78,009
L30	77,874	79,782
L31	79,635	81,587
L32	81,447	83,443
L33	83,307	85,349
L34	85,206	87,294
L35	87,159	89,295
L36	89,151	91,336
L37	91,209	93,444
L38	93,297	95,583
L39	95,409	97,747
L40	97,632	100,024
L41	99,906	102,354
L42	102,237	104,742
L43	104,628	107,192

Ranges for head teachers in band D (currently covering England and Wales excluding London and the fringe)

Group	Range of spine points	Current salary range	Recommended salary range
		£pa	<i>1 September 2008</i> £pa
1	L6 – L18	39,525 - 53,115	40,494 - 54,417
2	L8 – L21	41,526 - 57,162	42,544 - 58,563
3	L11 – L24	44,790 - 61,521	45,888 - 63,029
4	L14 – L27	48,138 - 66,210	49,318 - 67,833
5	L18 – L31	53,115 - 73,026	54,417 - 74,816
6	L21 – L35	57,162 - 80,550	58,563 - 82,524
7	L24 – L39	61,521 - 88,803	63,029 - 90,979
8	L28 – L43	67,854 - 98,022	69,517 - 100,424

Ranges for head teachers in band C (currently covering the fringe)

Group	Range of spine points	Current salary range	Recommended salary range
		£pa	<i>1 September 2008</i> £pa
1	L6 – L18	40,491 - 54,081	41,484 - 55,406
2	L8 – L21	42,489 - 58,134	43,530 - 59,559
3	L11 – L24	45,753 - 62,490	46,874 - 64,022
4	L14 – L27	49,104 - 67,176	50,308 - 68,822
5	L18 – L31	54,081 - 73,995	55,406 - 75,808
6	L21 – L35	58,134 - 81,519	59,559 - 83,517
7	L24 – L39	62,490 - 89,766	64,022 - 91,966
8	L28 – L43	68,817 - 98,991	70,504 - 101,417

Ranges for head teachers in band B (currently covering outer London)

Group	Range of spine points	Current salary range £pa	Recommended salary range <i>1 September 2008</i> £pa
1	L6 – L18	42,297 - 55,890	43,334 - 57,260
2	L8 – L21	44,301 - 59,937	45,387 - 61,406
3	L11 – L24	47,559 - 64,293	48,725 - 65,869
4	L14 – L27	50,907 - 68,982	52,155 - 70,673
5	L18 – L31	55,890 - 75,801	57,260 - 77,659
6	L21 – L35	59,937 - 83,322	61,406 - 85,364
7	L24 – L39	64,293 - 91,575	65,869 - 93,819
8	L28 – L43	70,626 - 100,794	72,357 - 103,264

Ranges for head teachers in band A (currently covering inner London)

Group	Range of spine points	Current salary range £pa	Recommended salary range <i>1 September 2008</i> £pa
1	L6 – L18	46,134 - 59,724	47,265 - 61,188
2	L8 – L21	48,135 - 63,771	49,315 - 65,334
3	L11 – L24	51,393 - 68,130	52,653 - 69,800
4	L14 – L27	54,747 - 72,816	56,089 - 74,600
5	L18 – L31	59,724 - 79,635	61,188 - 81,587
6	L21 – L35	63,771 - 87,159	65,334 - 89,295
7	L24 – L39	68,130 - 95,409	69,800 - 97,747
8	L28 – L43	74,460 - 104,628	76,285 - 107,192

Spine for Advanced Skills Teachers in band D (currently covering England and Wales excluding London and the fringe)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
AST1	34,938	35,794
AST2	35,814	36,692
AST3	36,708	37,608
AST4	37,623	38,545
AST5	38,559	39,504
AST6	39,525	40,494
AST7	40,590	41,585
AST8	41,526	42,544
AST9	42,564	43,607
AST10	43,656	44,726
AST11	44,790	45,888
AST12	45,822	46,945
AST13	46,968	48,119
AST14	48,138	49,318
AST15	49,338	50,547
AST16	50,649	51,890
AST17	51,813	53,083
AST18	53,115	54,417

Spine for Advanced Skills Teachers in band C (currently covering the fringe)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
AST1	35,901	36,781
AST2	36,777	37,679
AST3	37,671	38,594
AST4	38,589	39,535
AST5	39,528	40,497
AST6	40,491	41,484
AST7	41,559	42,578
AST8	42,489	43,530
AST9	43,530	44,597
AST10	44,622	45,716
AST11	45,753	46,874
AST12	46,791	47,938
AST13	47,937	49,112
AST14	49,104	50,308
AST15	50,298	51,531
AST16	51,615	52,880
AST17	52,785	54,079
AST18	54,081	55,406

Spine for Advanced Skills Teachers in band B (currently covering outer London)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
AST1	37,710	38,634
AST2	38,586	39,532
AST3	39,477	40,445
AST4	40,398	41,388
AST5	41,334	42,347
AST6	42,297	43,334
AST7	43,365	44,428
AST8	44,301	45,387
AST9	45,336	46,447
AST10	46,431	47,569
AST11	47,559	48,725
AST12	48,597	49,788
AST13	49,743	50,962
AST14	50,907	52,155
AST15	52,107	53,384
AST16	53,421	54,730
AST17	54,585	55,923
AST18	55,890	57,260

Spine for Advanced Skills Teachers in band A (currently covering inner London)

Spine point	Current £pa	Recommended <i>1 September 2008</i> £pa
AST1	41,541	42,559
AST2	42,420	43,460
AST3	43,317	44,379
AST4	44,229	45,313
AST5	45,171	46,278
AST6	46,134	47,265
AST7	47,202	48,359
AST8	48,135	49,315
AST9	49,170	50,375
AST10	50,265	51,497
AST11	51,393	52,653
AST12	52,431	53,716
AST13	53,577	54,890
AST14	54,747	56,089
AST15	55,941	57,312
AST16	57,258	58,661
AST17	58,422	59,854
AST18	59,724	61,188

Spine for associate teachers in band D (currently covering England and Wales excluding London and the fringe)³

Scale point	Current £pa	Spine point	Recommended <i>1 September 2008</i> £pa
1	14,751	1	15,113
2	15,417	2	15,903
3	16,056	3	16,734
4	16,722	4	17,609
5	17,397	5	18,529
6	18,045	6	19,497
7	18,711	7	20,516
8	20,256	8	21,588
9	22,011	9	22,716
10	23,331	10	23,903

Spine for associate teachers in band C (currently covering the fringe)³

Scale point	Current £pa	Spine point	Recommended <i>1 September 2008</i> £pa
1	15,720	1	16,106
2	16,383	2	16,905
3	17,028	3	17,743
4	17,694	4	18,622
5	18,366	5	19,545
6	19,011	6	20,514
7	19,674	7	21,531
8	21,225	8	22,598
9	22,977	9	23,718
10	24,297	10	24,893

³ We have recommended a ten-point associate teachers' pay spine to replace the existing ten-point pay scale for "unqualified" teachers.

Spine for associate teachers in band B (currently covering outer London)⁴

Scale point	Current £pa	Spine point	Recommended <i>1 September 2008</i> £pa
1	17,523	1	17,953
2	18,186	2	18,767
3	18,831	3	19,616
4	19,497	4	20,505
5	20,169	5	21,433
6	20,820	6	22,404
7	21,483	7	23,419
8	23,031	8	24,479
9	24,786	9	25,588
10	26,106	10	26,746

Spine for associate teachers in band A (currently covering inner London)⁴

Scale point	Current £pa	Spine point	Recommended <i>1 September 2008</i> £pa
1	18,552	1	19,007
2	19,215	2	19,827
3	19,857	3	20,682
4	20,523	4	21,574
5	21,201	5	22,505
6	21,846	6	23,475
7	22,509	7	24,488
8	24,054	8	25,544
9	25,809	9	26,645
10	27,129	10	27,794

⁴ We have recommended a ten-point associate teachers' pay spine to replace the existing ten-point pay scale for "unqualified" teachers.

Indicative main and upper pay scales for band A (currently covering inner London) from September 2009⁵

Scale point	Indicative <i>1 September 2009</i> £pa	Indicative <i>1 September 2010</i> £pa
Main pay scale		
M1	<i>26,000</i>	<i>27,000</i>
M2	<i>27,493</i>	<i>28,408</i>
M3	<i>29,071</i>	<i>29,889</i>
M4	30,739	31,446
M5	33,103	33,865
M6	35,568	36,387
<hr/>		
Upper pay scale		
U1	<i>40,288</i>	<i>41,497</i>
U2	<i>42,267</i>	<i>43,536</i>
U3	<i>43,691</i>	<i>45,000</i>

⁵ Italic text denotes an enhanced pay award. We have recommended, subject to our review of teachers' pay in 2009, an indicative minimum starting salary (M1) for teachers in band A of £26,000 from September 2009 and £27,000 from September 2010 and consequential amendments to the main pay scale; and further enhancement in the value of the upper pay scale.

APPENDIX D

Update on the Department's Response to Previous STRB Recommendations

Summary of STRB Recommendations in the Fifteenth ¹ and Sixteenth ² Reports	Secretary of State's Initial Response ³ and Relevant Actions by the Department
Pay award	
Increase of 2.5% from September 2006 and further increase of 2.5% in September 2007 in the values of teachers' pay scales and additional payments (TLR payments and SEN allowances).	Accepted and implemented.
Slightly enhanced pay increase for certain points on pay scales in pay bands A (Inner London) and B (Outer London).	Accepted and implemented.
Review mechanism: should the average rate of headline inflation for the twelve months preceding April 2007 or April 2008 fall below 1.75% or exceed 3.25%, consultees could ask STRB to consider seeking a remit from the Secretary of State to review teachers' pay ⁴ .	Accepted. For details of developments, see Chapter 1 and Appendix A. In April 2007, STRB requested a remit to review teachers' pay for the current period. In June 2007, the Secretary of State declined to give STRB a separate remit, but asked STRB to consider the concerns that led to its request for a remit, evidence on recruitment and retention and the impact on budgets, when making recommendations for the next pay award.
Pay design	
Secretary of State to remit STRB to look fundamentally at the leadership group and how its changing role and responsibilities should be reflected in its future pay structure. To provide a sound evidence base for that remit, that a comprehensive independent study be carried out by December 2006 on the roles, responsibilities, structures and reward systems for the leadership group, looking at both current practice and likely future developments, and including at least the following issues: new models of headship; the role and functions of deputy and assistant heads; administrative support; recruitment planning; type of contract; and reward.	Accepted. The Secretary of State would consider broader terms of reference for and handling of review. For details of developments, see Chapter 7 and Appendix A. The Department commissioned an independent study, the report of which was published in January 2007 ⁵ . In March 2007, the Secretary of State asked STRB to consider for recommendation in March 2008 <i>whether, to ensure that every school has the scope to establish the leadership structures that will meet their needs, there should be changes to the pay and conditions of the leadership group</i> , taking particular considerations into account.

Summary of STRB Recommendations in the Fifteenth ¹ and Sixteenth ² Reports	Secretary of State's Initial Response ³ and Relevant Actions by the Department
<p><i>Fifteenth Report:</i></p> <p>The Excellent Teacher Scheme (ETS) be reviewed by December 2008 at the latest and that the review be remitted to STRB for appropriate consideration and recommendation.</p> <p>The salary for the ETS be a spot salary, determined by individual schools and services within an ETS salary range.</p> <p>The ETS salary range from September 2006 be £35,000 to £45,000 in pay bands B (Outer London) to D (England and Wales) and up to £50,000 in band A (Inner London). The minimum and maximum of the ETS salary range and ETS spot salaries determined prior to September 2007 be increased by 2.5% in September 2007.</p> <p><i>Sixteenth Report:</i></p> <p>When determining spot salaries for ETS posts schools have regard to the nature of the work, the degree of challenge of the role, and any additional criteria they consider appropriate.</p> <p>Individual spot salaries to be reviewed by the school or service if there are significant changes in the nature of the work to be undertaken, in the degree of challenge of the role or in relation to any additional factor. Or as a part of any wider salary review.</p>	<p>In response to the Fifteenth Report, the Secretary of State agreed that the ETS should be kept under review, in the context of wider plans for “new teacher professionalism”, but did not specify arrangements or timing. In July 2007, the Department advised STRB that the ETS would be reviewed in 2008.</p> <p>The Secretary of State decided to defer introduction of an ETS salary range until September 2008 and to have a single salary rate for all Excellent Teachers for each pay band in the interim. These were introduced in September 2006 (£35,874 in band D to £42,789 in band A) and increased by 2.5% in September 2007.</p> <p>The Secretary of State asked STRB to consider <i>what framework may be appropriate to enable relevant bodies to set a spot salary for Excellent Teachers</i> within the ETS salary range that STRB had recommended.</p> <p>In response to the Sixteenth Report, the Secretary of State was concerned about allowing schools to determine additional local criteria. After consultation, he decided that when schools determined spot salaries for ETS posts within a range, they should have regard to the nature of the work to be undertaken and the degree of challenge of the role. Schools would not be able to take into account additional criteria. It was also decided that any review of ETS salaries should only be in relation to changes in criteria established at the outset. The arrangements to be introduced in September 2008 are therefore different to those recommended by STRB.</p> <p>This report considers the value of ETS salaries and the minimum and maxima of the ETS salary range: see Chapter 7.</p>
<p>The Department undertake a programme of action to secure a significant increase in the use of existing flexibilities in the STPCD to address local teacher shortages in priority subjects.</p> <p>The Department focus this programme on three areas: more effective support for local managers, a sharper framework of accountability and school budgets.</p>	<p>Accepted. With respect to school budgets, the Secretary of State emphasised that schools were free, within regulations, to spend their budgets in accordance with their own priorities.</p> <p>The Department reported in July 2007 that it was seeking views from social partners, head teachers and other stakeholders on what would be a helpful programme of action to promote the use of the flexibilities.</p>

Summary of STRB Recommendations in the Fifteenth ¹ and Sixteenth ² Reports	Secretary of State's Initial Response ³ and Relevant Actions by the Department
<p>The Department provide additional evidence on SEN allowances, focusing in particular on the evidence requirements in relation to the labour market, teachers and current practice in schools and services. This would help STRB to consider <i>the extent to which SEN allowances fulfil an appropriate function in the teachers' pay and conditions system, whether they are used appropriately and whether there is an overlap in theory or practice with other permitted payments.</i></p>	<p>Accepted. The Secretary of State planned to work on the basis that STRB would return to these matters in its 2008 remit. The Department reported in July 2007 that research on certain aspects of this issue would begin shortly.</p>
<p>The Department investigate the pay and conditions of "unattached" teachers (including such teachers in the leadership group) in comparison with other teachers. The investigation should be completed in time to inform the next STRB review of teachers' pay.</p>	<p>Accepted. The Department undertook research in this area in spring 2007 and published this in June 2007. STRB plans to return to this matter in Part Two of its Seventeenth Report, to be submitted in March 2008.</p>
<p>Teachers receive a financial incentive for completion of accredited qualifications in priority subjects designated by the Department. The Department consider using the golden hello payment as the mechanism. The effectiveness of these measures be evaluated as part of the pilot for mathematics, physics and chemistry diplomas.</p>	<p>The Secretary of State welcomed STRB's agreement that incentives should be payable and would consider the most appropriate mechanism and how to pilot their implementation. In July 2007, the Department and TDA advised that TDA was piloting a scheme for teachers to complete accredited physics, chemistry and maths courses from 2007. Decisions had not yet been taken about financial incentives for individual teachers.</p>
<p>The Department, in consultation with interested parties and as soon as practicable, develop provisions on how pro-rata salaries for part-time teachers should be calculated and working time specified, ensuring compliance with employment law.</p>	<p>Accepted. The Department advised in July 2007 that it planned to implement changes to the STPCD in September 2008.</p>

<p style="text-align: center;">Summary of STRB Recommendations in the Fifteenth¹ and Sixteenth² Reports</p>	<p style="text-align: center;">Secretary of State's Initial Response³ and Relevant Actions by the Department</p>
<p>All progression on incremental pay scales follow a performance management review and determination by the local employer that the individual teacher's performance has satisfied an explicit performance-related criterion for pay progression.</p> <p>Consequential amendments to the STPCD be made, including to make explicit the criterion of satisfactory performance for pay progression on the main pay scale and the pay scale for unqualified teachers, and to remove provisions concerning how teachers' performance should be managed.</p> <p>The Department require schools and services to include details in their pay policy about how performance is assessed for pay purposes.</p>	<p>The Secretary of State welcomed STRB's reaffirmation of the principle that there should be a formal link between performance management reviews and progression. He would give careful consideration to the specific nature of amendments to the STPCD. He accepted that the STPCD should be amended to clarify that teachers on the main pay scale and unqualified teachers should complete performance management reviews. He was not proposing any change in the current pay progression arrangements.</p> <p>The 2007 STPCD implemented STRB's recommended amendments for teachers on the upper pay scale, Advanced Skills Teachers and the leadership group. It did not, however, implement STRB's recommended amendments for teachers on the main pay scale and the pay scale for unqualified teachers. This means that progression on these pay scales does not follow a performance management review and satisfaction of a criterion as STRB recommended.</p> <p>The Secretary of State also rejected the recommendation about schools' pay policies and said that the content of these should be for them to determine. In July 2007, the Department advised that it was reviewing its model pay policy for schools.</p>
<p>STRB concluded that existing arrangements provide sufficient flexibility to accommodate differences between England and Wales and that the Department should keep this matter under review, in consultation with the Welsh Assembly Government.</p>	<p>Accepted.</p>

Secretary of State's Initial Response ³ and Relevant Actions by the Department	Summary of STRB Recommendations in the Fifteenth ¹ and Sixteenth ² Reports
<p>Accepted. The Secretary of State agreed that there was a need for statements of teachers' roles and responsibilities to be coherent with other statutory elements of the pay and conditions framework and, importantly, with any changes arising from deliberations on the leadership group. It would, he said, be wrong for statements of roles and responsibilities to be finalised in advance of decisions on any relevant changes that may emerge in relation to the leadership group or to fail to take account of other relevant developments. But the developments [work on the leadership group and teachers' professional responsibilities] should be taken forward in parallel, so that the impact of each area on the other can be considered.</p> <p>STRB is due to report in March 2008 on what should constitute new statements of teachers' professional roles and responsibilities and related matters.</p>	<p>Teachers' professional responsibilities</p> <p>The Department, in consultation with interested parties, prepare new statements of teachers' professional roles and responsibilities which are:</p> <ul style="list-style-type: none"> • focused on high standards and pupil outcomes; • clear and accessible; • credible and relevant to teachers; • concise, enabling and flexible; • in a dedicated section of the STPCD, separate from other conditions of employment; and • distinct from, but complementary to, GTC publications and professional standards. <p>New statements be prepared after the review of the leadership group has been completed, and take account of developments in relation to TLR payments, SEN allowances and the ETS and AST schemes.</p>

1 STRB (2005) *Fifteenth Report*, TSO (Cm 6663)

2 STRB (2007) *Sixteenth Report*, TSO (Cm 7007)

3 The Secretary of State's initial response to op.cit. STRB (2005) *Fifteenth Report* was published in House of Commons Debates (2004-05) 440, written answers column 951W. The Department later published a press notice (16 February 2006) *Final Proposals for Teachers' Pay*. The Secretary of State's initial response to op.cit. STRB (2007) *Sixteenth Report* was published in HC Deb (2006-07) 456, written answers column 30WS.

4 The review mechanism was based on the RPI all items index rounded to one decimal place, based on January 1987 = 100 (CHAW). OME first calculated an arithmetic average of the 12 monthly CHAW indices from April 2005 to March 2006 and rounded this to one decimal place (with the result called YO). Then, the arithmetic average of 12 monthly CHAW indices from April 2006 to March 2007 was calculated and rounded to one decimal place (with the result called Y1). The annual inflation rate for the purposes of the review mechanism was then the percentage change from YO to Y1, again rounded to one decimal place. The review mechanism specified that if this percentage was below 1.75% or above 3.25%, any of the consultees could ask STRB to consider the case for seeking a remit from the Secretary of State to review teachers' pay.

5 *PricewaterhouseCoopers* (2007) *Independent Study into School Leadership*, DfES

6 DCSF (2007) *Investigation into the Pay and Conditions of Unattached Teachers* Available at: <<http://www.teachernet.gov.uk/docbank/index.cfm?id=11548>>

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