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Feeling the squeeze: schools' response to constraints in teacher recruitment

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Teacher recruitment insights

Commentary around a "teacher recruitment crisis" is gaining greater currency in both specialist and mainstream press, and yet coverage often lacks basic data to put the challenges that schools face into context.

In this study, we focus on the growing challenge facing schools in recruiting their permanent teaching staff – an area of critical importance to the continued success of the UK education system.

We seek to assess and articulate how schools currently recruit teachers, and describe how the recruitment process is changing in response to the growing pressures in the sector.

We therefore hope that this study will help to inform the wider debate on teacher recruitment.

The teacher recruitment challenge **1**

The recruitment methods used by schools and how these are changing **2**

Understanding the costs of different recruitment methods **3**

The growing agency recruitment channel **4**

1. The teacher recruitment challenge

'Teacher recruitment crisis' is becoming an increasingly common term in the UK press as concerns grow about a teacher shortage within the sector.

As Figure 1 indicates, teacher recruitment remains a niche concern compared to the highest profile economic and political issues of the day – although one of growing prominence.

An initial look at the Department for Education's teaching statistics suggests that there is little to worry about. Teaching numbers have grown by c.3% from 440,000 in 2011 to 455,000 in 2014[1] and, the pupil to teacher ratio (a measure of the number of pupils per teacher) has remained steady (over the same period) at c.1:17[1] in the state funded sector.

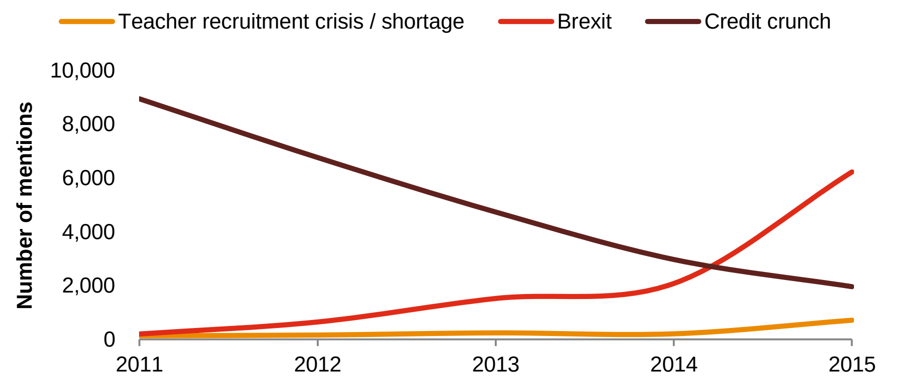
So, why are Head Teachers and the press increasingly worried? We believe the challenge is centred on three key trends:

- *The demand for teachers is increasing, driven by growing pupil numbers*
- *Attracting new teachers to the profession is increasingly difficult*
- *Teacher retention appears to be weakening*

The combination of these three trends implies that conditions for teacher recruitment will worsen over the next few years.

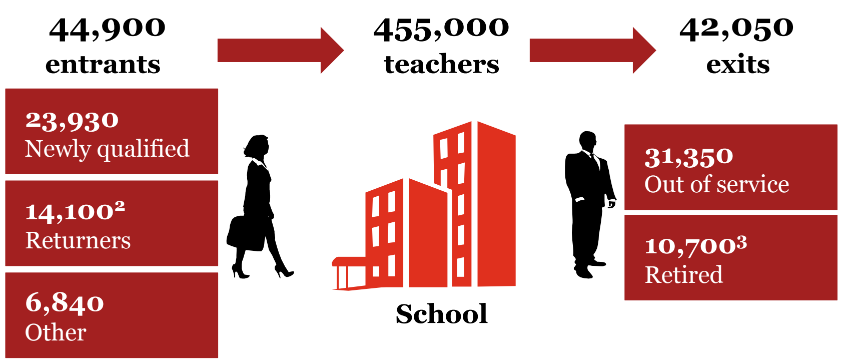
Note: [1]Total regular FTE teachers in the State funded sector. Source: School Workforce census England, DfE

Figure 1: Press mentions of teacher recruitment crisis / shortage, 2011 - 2015



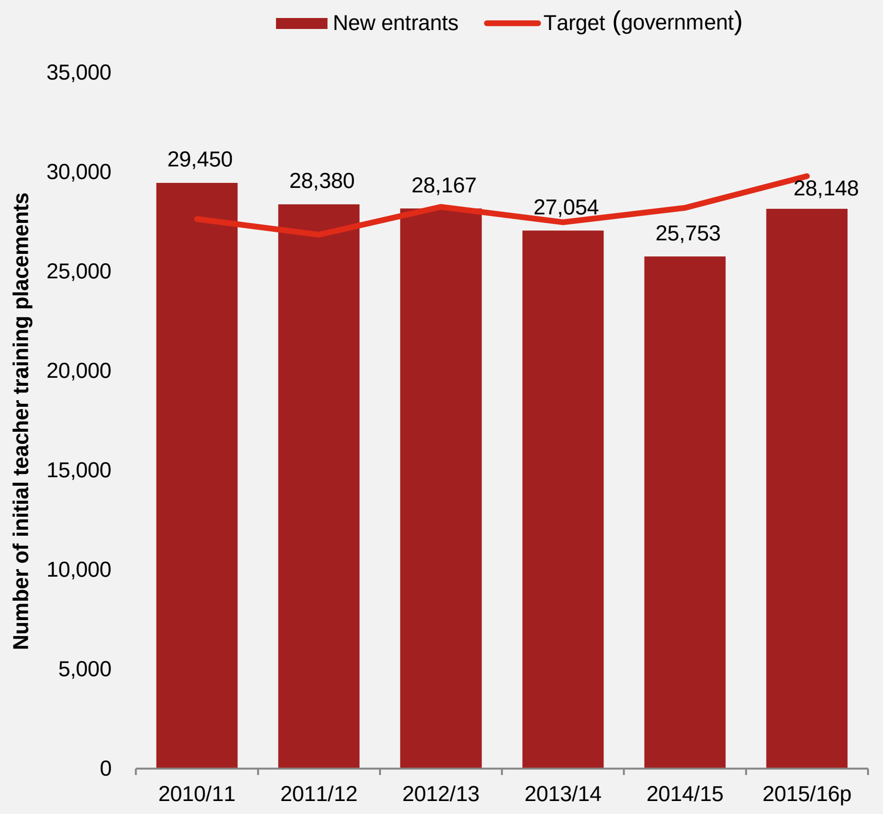
Source: UK national press articles

Figure 2: Teaching entrants and exits from state funded schools, 2014



Note: [2]Includes teachers new to the state funded sector, [3]Includes teachers who have passed away during the course of the year. All numbers based on FTEs. Source: Qualified teacher entrants and wastage in state funded schools, DfE

Figure 3: Initial Teacher Training postgraduate entrants and targets, 2010/11 to 2015/16



Source: Initial teacher training census for the academic year 2015 to 2016, England, DfE

Attracting new teachers to the profession is increasingly difficult

Each year, c.10% of the teaching workforce in the state funded sector needs to be replaced (fig.2), following teachers leaving the profession (retirements or other leavers).

This places significant pressure on the sector to replace these teachers, particularly through newly qualified teachers, who account for c.53% of new entrants each year (fig.2).

However, new trainee teacher numbers have declined by c.4,000 from 2010/11 to 2014/15 (fig.3).

While 2015/16 appears to show a recovery, with c.28,000 new trainee teachers, this is, in part, driven by Teach First trainees (1,584) being included in the statistics for the first time[4].

Since 2012/13, trainee numbers have failed to meet Government targets.

In 2015/16, current estimates suggest that total new trainee teachers only equate to c.94%[4] of the 29,800 needed by the sector.

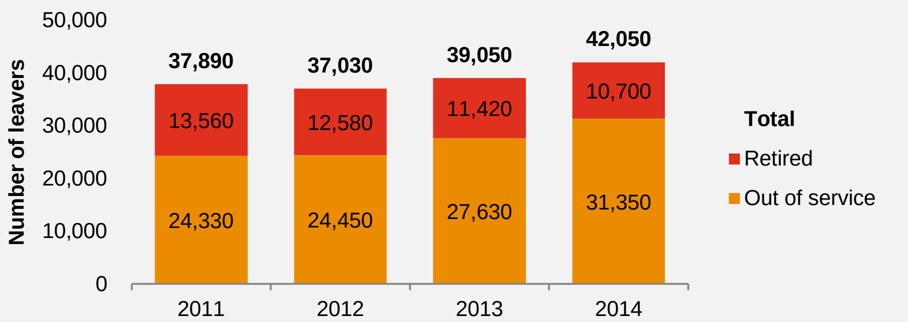
The challenge becomes more substantial when we focus on secondary schools which see a c.20%[4] gap between new trainees and the government target for the year 2015/16.

The second largest source of (re-) entrants are returners to the industry, which make up c.30% of people joining the teaching workforce. In practice there are now over 150,000 qualified teachers who are no longer in the UK classroom – some have changed career, some are teaching overseas, some are on a break / maternity leave – and this may prove to be an invaluable resource if government and schools can tempt them back, perhaps through innovation in designing roles to meet their needs and aspirations.

It is worth noting that even if supply exactly meets demand at an aggregate level, there will still be pockets of shortfall driven by both regional and subject-level variation.

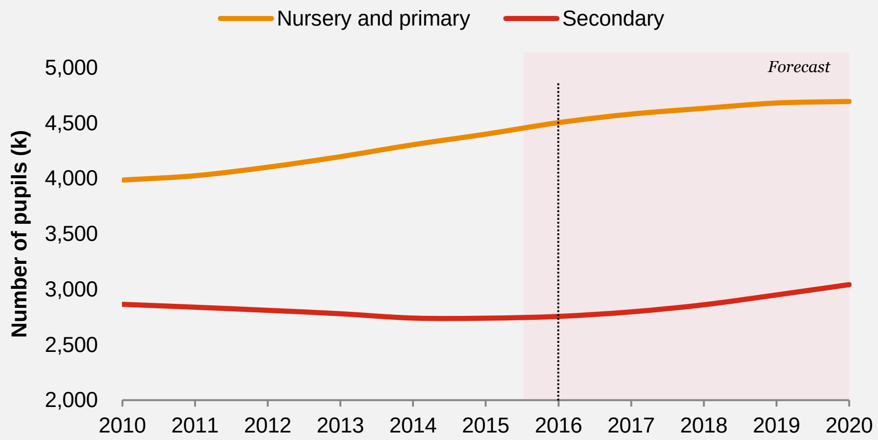
Source: [4]Initial teacher training census for the academic year 2015 to 2016, England, DfE

Figure 4: Teachers leaving the profession, Nov 2011 - 2014



Note: [2]Includes teachers new to the state funded sector, [3]Includes teachers who have passed away during the course of the year. All numbers based on FTEs. Source: Qualified teacher entrants and wastage in state funded schools, DfE

Figure 5: Forecast pupil numbers nursery / primary and secondary, 2010-2020



Source: National Pupil Projections July 2015, DfE

Teacher retention appears to be weakening

As the challenges of attracting new teachers appear to grow, the statistics on teachers leaving the profession suggest retention is becoming increasingly difficult.

Between 2011 and 2014, the number of teachers leaving the profession has grown by c.11% from 37,890 in 2011 to 42,050 in 2014 (fig.4).

The biggest driver of this growth has been the number of teachers leaving the profession early (before retirement) which includes those teachers who have decided they wish to seek alternative jobs. The number of these early leavers has increased substantially from c.64% of leavers in 2011 to c.75% in 2014 (fig.4).

There is now a significant body of research that indicates that many of these teachers are leaving the profession because of workload and/or frustration, to the point where one of Nicky Morgan's first actions as Secretary of Education was to ask for suggestions on how to manage this.

Pupil numbers are increasing

At the same time, as the sector struggles to attract and retain teachers, the demand for teachers is growing. The Department for Education expects pupil numbers in the state funded sector to grow by c.8% from 2015 to 2020[5].

This follows an increase in the birth rate in England from 2002, which has been increasing the number of primary school age pupils since 2009.

For secondary school age pupils, 2016 is forecast to represent the turning point following a period of declining pupil numbers[5]. This is likely to have reduced the pressure on teacher recruitment in recent years, and the reversal of this trend is another reason for concern. From 2016, secondary age pupils are expected to increase by 287,000 to c.3.04m in 2020 (fig.5).

Assuming the current pupil:teacher ratio of c.17 is maintained across both primary and secondary state funded schools, this suggests c.29,000 new teachers need to be found between 2016-2020.

Source: [5]National Pupil Projections July 2015, DfE

Recruitment is becoming more difficult

The net result of these trends is that Head Teachers are finding it increasingly difficult to fill recruitment needs.

In a survey of Head Teachers by the NAHT in 2015, c.60% responded that they found filling their teaching vacancies difficult, with c.20% of vacancies remaining unfilled (fig.6).

In 2014/15, teaching vacancies and temporarily filled posts hit a high of c.1.2% of all teaching posts in the State funded sector[6].

However, this is likely to underestimate the true picture, given these statistics are calculated in November, commonly a time of more limited vacancies.

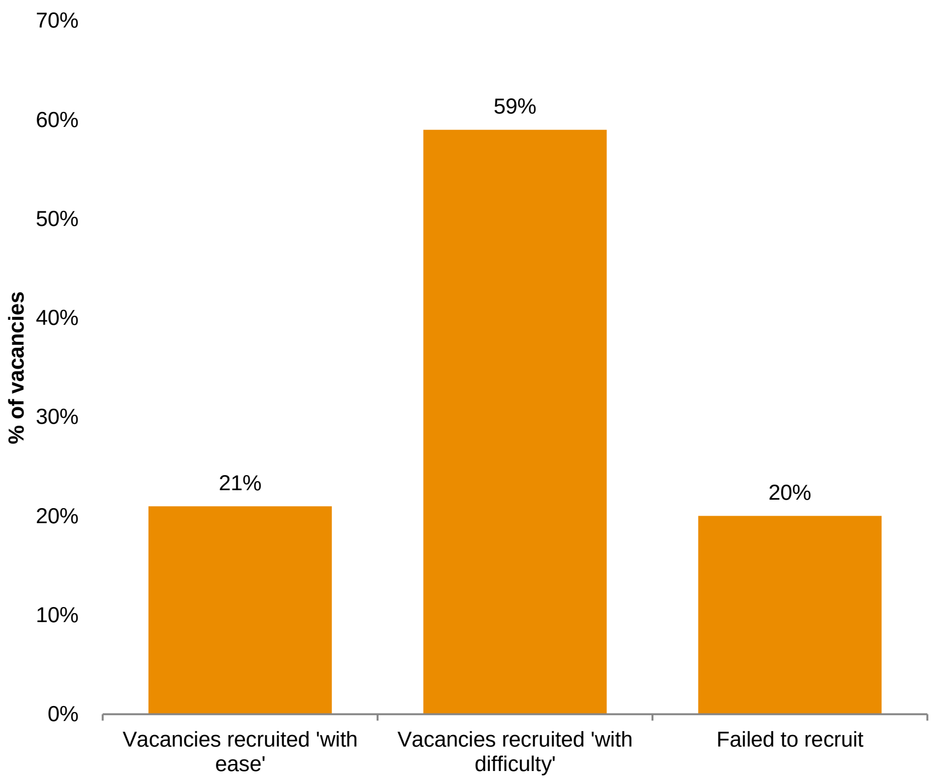
Based on the trends outlined above, we would expect these issues to become increasingly pressing in the next 3-5 years.

Our modelling implies that the number of new ITT recruits would need to grow by c.2-3% per year, compared to a c.2% fall per year over the last five years.

The Government also recognises the increasing challenges with teacher recruitment and is seeking to implement a number of initiatives in response. For example, the DfE's National Teaching Service aims to attract high-performing teachers and middle leaders to schools that can most benefit, starting with a pilot programme of 100 teachers in the North West of England.

Note: [6]School Workforce census, Nov 2014, DfE

Figure 6: Ease of filling teaching vacancies (2015)



Source: NAHT school recruitment survey 2015

2. The recruitment methods used by schools and how these are changing

Notwithstanding the growing focus on this "recruitment crisis", there has been limited publicly available data on how schools typically approach teacher recruitment in terms of the annual number of recruitments, the channels used and the typical costs.

Based on our survey of school leaders, research published by others in the last three years and our experience from work in this sector, we estimate that there are c.100,000-120,000 permanent teacher recruitments across schools in England annually (equivalent to c.20-25% churn across the teacher workforce).

In terms of how schools recruit teachers, there are a number of recruitment channels open to them. These can be broadly categorised as:

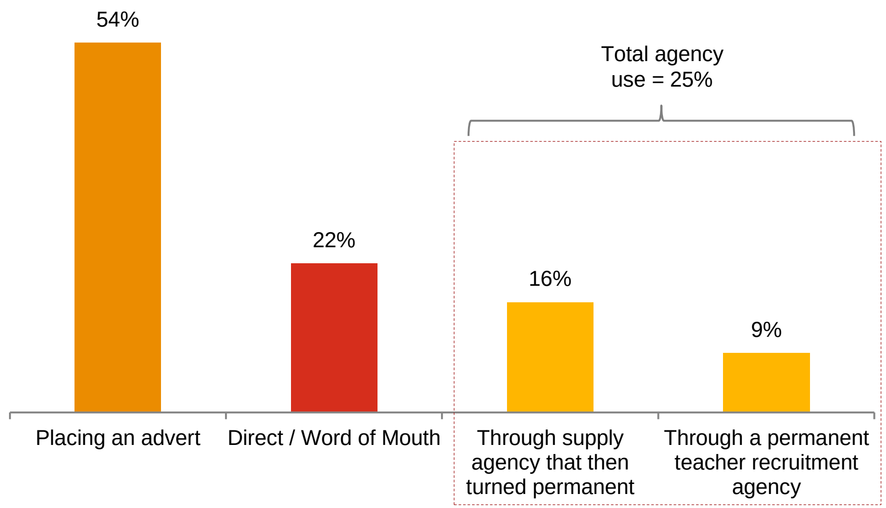
i) Advertisements – advertising in the press (national and specialist) and on job boards (including education specialists, generalists and Local Authority boards), etc.

ii) Direct / word of mouth – direct hires through existing relationships (e.g. referrals, promotions), Teach First, School Direct

iii) Recruitment agencies – directly filling permanent posts through agencies or converting agency sourced supply teachers to permanent positions (a growing approach that enables schools to effectively 'try before you buy')

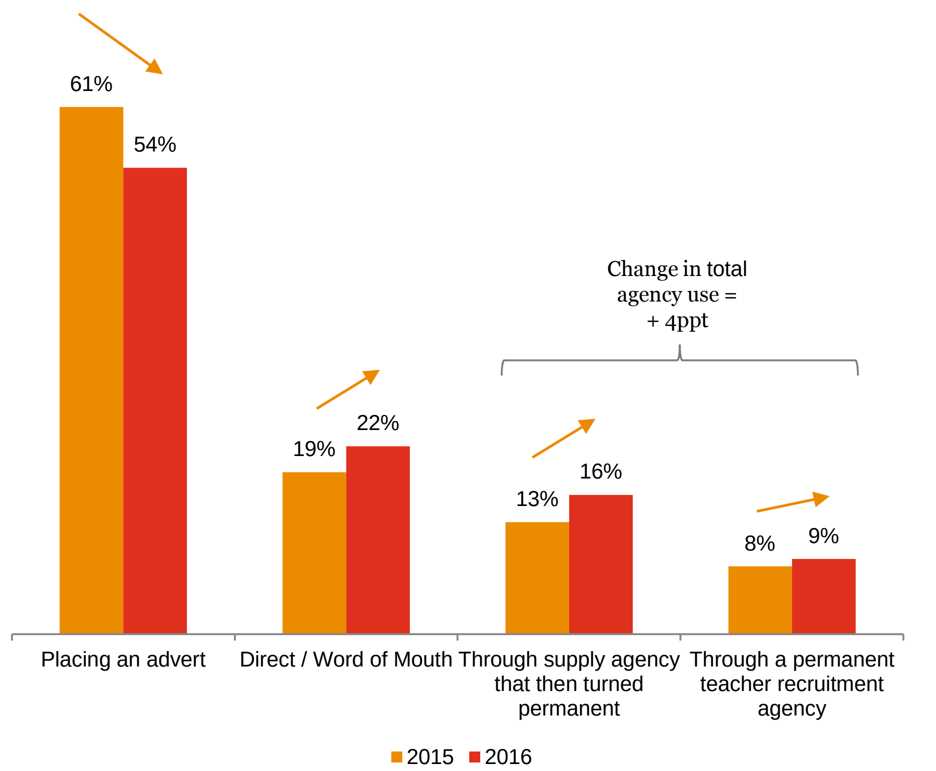
Our Head Teacher survey indicates that advertisements are currently the most common method of recruiting teachers with (54%) of vacancies filled through this channel, followed by recruitment agencies (25%) and direct/word of mouth (22%).

Figure 7: How many of the permanent teachers recruited in the last year have come from the following recruitment methods?



Source: PwC School Leader Survey May 2016, PwC analysis.

Figure 8: How many of the permanent teachers recruited in the last and previous years have come from the following recruitment methods?



Source: PwC School Leader Survey May 2016, PwC analysis.

Recruitment agencies play an increasingly important role in filling teacher vacancies…

Our research reveals that in comparison to 2015, the proportion of vacancies filled through recruitment agencies has increased the most (+4 ppt increase), followed by direct/word of mouth (+3 ppt, unsurprising in the context of growing teacher use of social media) while the use of advertisements has decreased (-7 ppt).

While schools and teachers acknowledge that agencies play an important role in matching supply and demand, our survey of school leaders revealed some concerns that agencies may also more actively create "artificial churn" by encouraging job changes through contacting teachers who may not necessarily have been looking for a move.

This potentially increases the burden on schools through direct costs (e.g. agency fees, salaries) and indirect costs (e.g. effort and time). However, agencies suggest that they may ultimately help create better work environments through improving job matching and satisfaction as well as clearer alignment of expectations (e.g. role requirements) between schools and teachers.

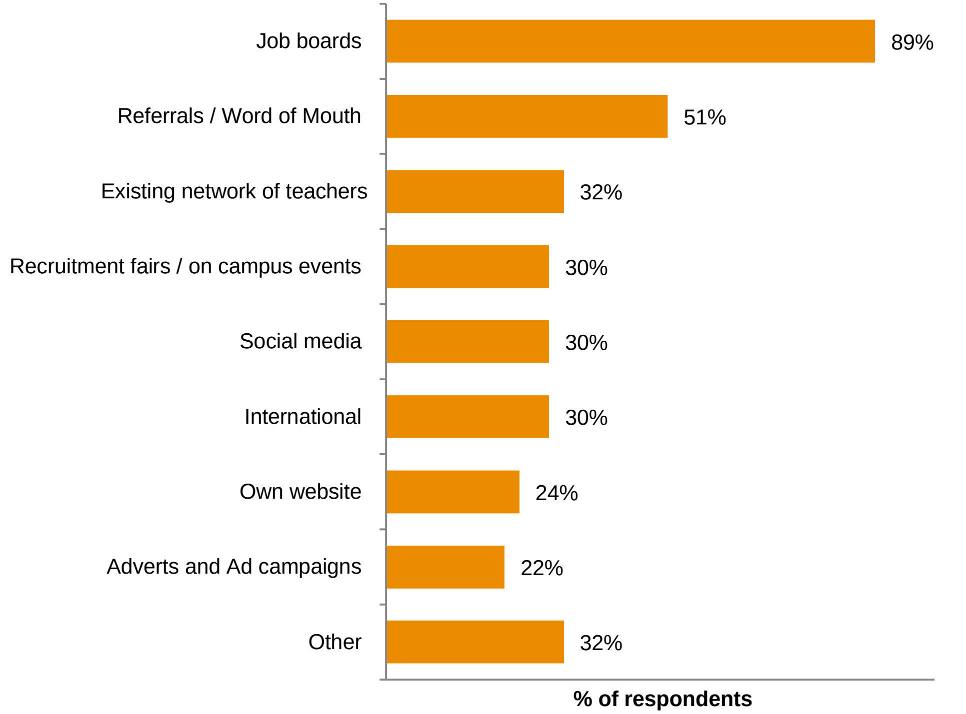
…and feedback suggests this trend is likely to continue

Although schools have historically had mixed experiences with agencies due to the wide variation in quality of agencies in the market, schools have increasingly limited ability to be selective in their choice of recruitment channels given supply constraints.

Our interviews of agencies revealed that they have also noted a gradual shift in perceptions, reporting that an increasing proportion of schools are receptive to using agency recruiters.

As such, agencies are likely to continue to gain share if they are able to offer schools access to a pool of teachers within an increasingly challenging supply environment. Anecdotal evidence suggests that agencies may also benefit from the conversion of schools to academies as these are perceived to be more receptive to the use of recruitment agencies.

Figure 9: Where do you source your teachers from? (Agencies)



Source: PwC recruitment agency telephone interview programme May 2016.

Recruitment agencies utilise a wide variety of methods to source teachers

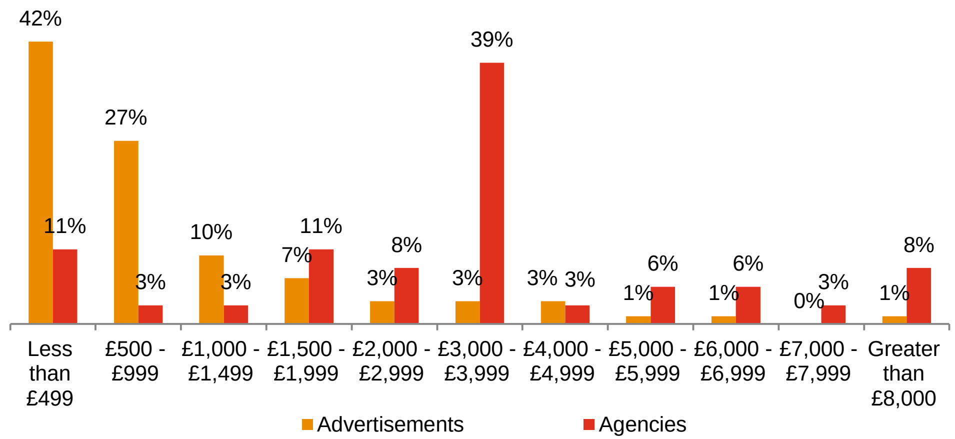
Recruitment agencies can be seen as an increasingly attractive choice in the current supply-constrained market given their ability to proactively source teachers.

Agencies have been actively building a pool of candidates by recruiting from both domestic sources (existing teacher and non-teacher supply) as well as internationally (30% of agency respondents).

Agencies most commonly cited job boards as a source of teachers (89% of respondents). While 51% of agencies source teachers via referrals/'word of mouth', they noted that this is an increasingly important source of teachers. 30% of agencies have been building their presence on university campuses targeting Newly Qualified Teachers (NQTs) and a similar number have been recruiting through social media.

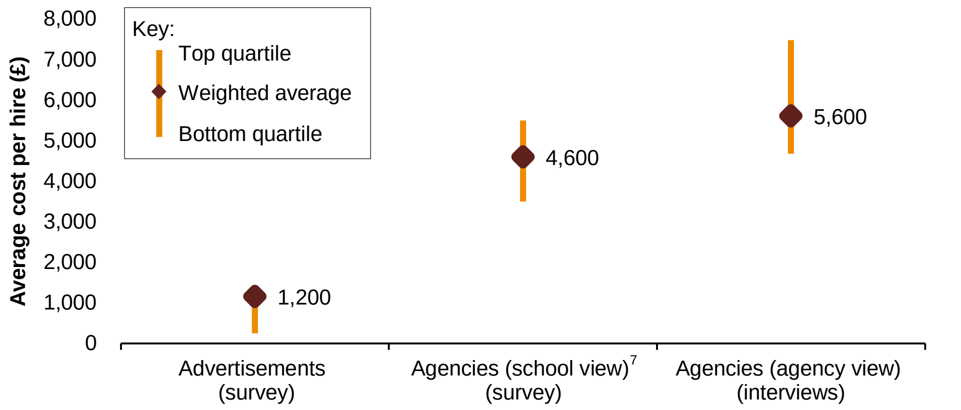
3. Understanding the costs of different recruitment methods

Figure 10: What is the average cost per hire when using the following to recruit permanent teaching positions?



Source: PwC School Leader Survey May 2016, PwC analysis.

Figure 11: Estimated costs of using recruitment channels



Note: [7]We have excluded outlier observations below £2,000 which are likely to be erroneous responses

Source: PwC School Leader Survey May 2016, PwC recruitment agency telephone interview programme May 2016, PwC analysis.

With schools under increasing budgetary pressures, there has been growing scrutiny from schools and the Government on the costs of recruitment.

Our survey suggests schools estimate their cost of placing advertisements at c.£1,200 per hire and of hiring through agencies at c.£4,600 per hire (figs. 10 & 11). Agency costs for permanent teacher recruitment are usually charged as a success fee and are frequently quoted as a % of the teacher's salary, with recruiters we interviewed generally quoting a range between 10-20% and a typical cost of c.15%. This implies average agency costs of c.£5,600, based on an average teacher salary of £37,400[8]. Agencies also indicated that the low end of this range reflects special circumstances – usually to secure exclusivity and/or volume.

We have observed more variability in agency costs for converting temporary teachers to permanent positions. Some providers are willing to waive the joiner fee if the supply teacher has been in position for a lengthy period of time (usually a couple of terms or more) while others impose a requirement to buy out the remaining supply contract or impose a full permanent recruitment fee on top of supply charges at the point of recruitment. The agencies we interviewed strongly indicated that they make as much or more money from a temp-to-perm arrangement as from a commissioned permanent hire, but that supply teachers tend to be less experienced. We used 15% of an average Point 3 salary level (£26,900) or c.£4,000.

If we blend these rates together, weighted by volume, we see an average of £4,600 which is in-line with the average school perception. However, these costs reflect only the direct costs to schools and excludes the varying level of time and effort associated with each of these channels. In addition, there are broad ranges associated with each of these methods depending on the provider and requirement of the school.

Source: [8]Average salary for full and part-time regular classroom teachers in state funded schools, England, DfE

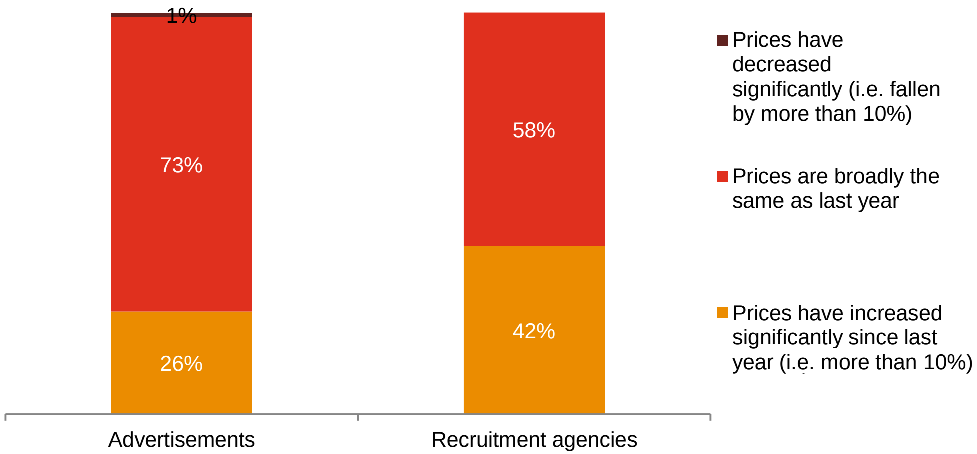
Recruitment costs are likely to increase

The increasing pressures on recruitment are also reflected in higher recruitment costs. As Figure 12 shows, 26% of respondents who have used adverts observed higher prices vs. last year. Correspondingly, 42% of respondents have seen significantly higher prices of recruitment agencies.

While the Head Teacher survey results are largely consistent with feedback from agencies, agencies have also noted that the outlook for margins is uncertain as supply constraints increase the bargaining power of teachers and lower margins may be required in order to remain competitive.

Nevertheless, schools are likely to continue experiencing price increases in the short to medium term as demand for teachers continues to increase while underlying supply of teachers remains challenging.

Figure 12: Compared to last year, have you noticed a change in the prices of the following?



Source: PwC School Leader Survey May 2016, PwC analysis.

Figure 13: Estimated share of volume by recruitment channel

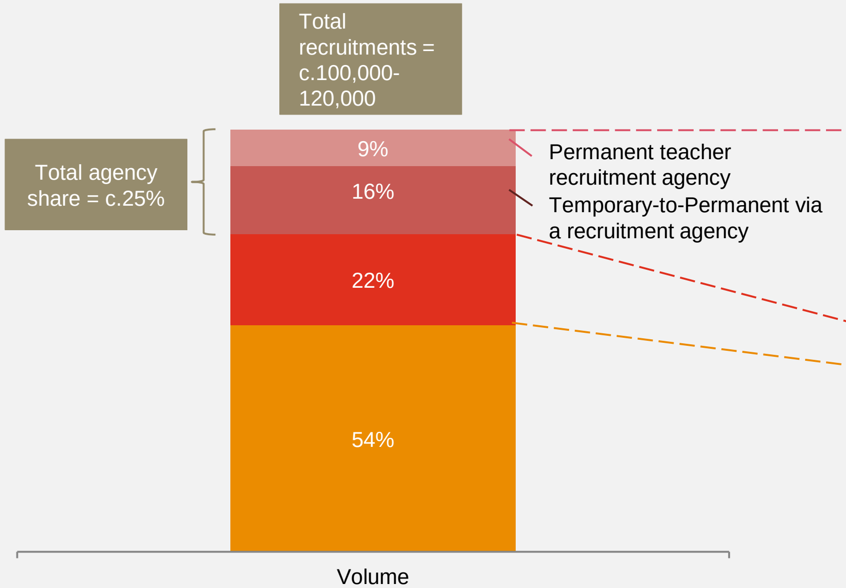
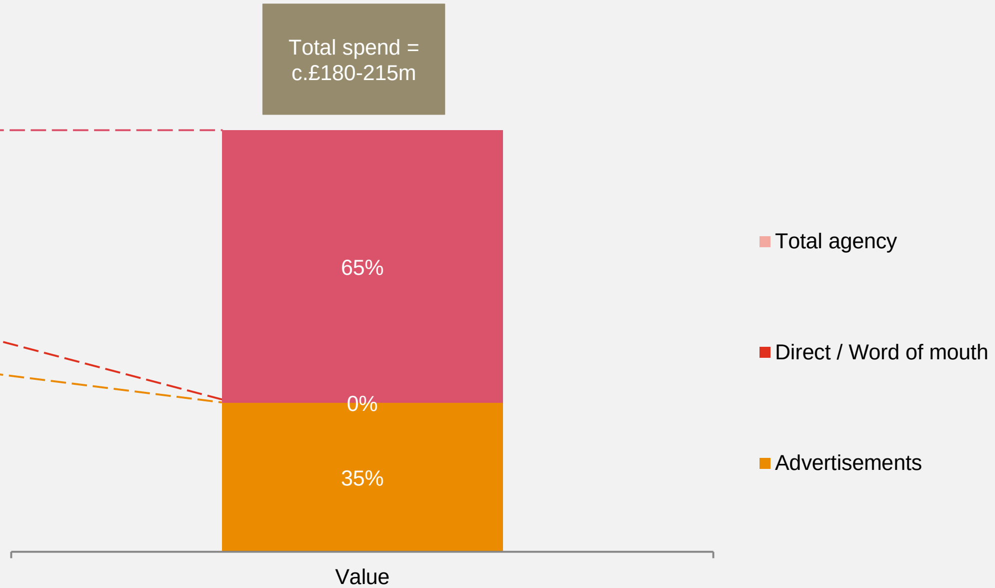


Figure 14: Estimated share of spend by recruitment channel



Source: PwC School Leader Survey May 2016, PwC analysis.

As highlighted on page 7 and illustrated in Figure 13, we estimate that 54% of the c.100,000-120,000 annual teacher recruitments are filled through advertisements, 22% through direct hires/word of mouth and 25% via agencies. This translates to a total spend of c.£180-215 million (fig.14) on permanent teacher recruitment per year, with advertisements accounting for a c.35% of this spend vs. agencies accounting for c.65%. The significantly larger proportion of value accounted for by agencies is driven by the higher average cost per hire.

For the school spend on recruitment (fig.14) we have assumed advertisement costs consistent with the results of our Head Teacher survey, agency costs as described on page 10 and assume no 'direct' costs for direct/word of mouth hires. However, we would expect this to understate overall spend as we have not included spending on (i) positions which were advertised multiple times before being filled, and (ii) vacancies which were not filled.

4. The growing agency recruitment channel

Recruitment demands vary significantly by type of vacancy and school. For example, a school may be looking for a particular profile which could benefit from being advertised widely on a jobs board, while having a less defined criteria and seeking a more subjective personality fit for another vacancy may suit an agency approach.

The suitability of each recruitment channel and the benefits that it provides therefore depends largely on a complex mix of user requirements (e.g. urgency, type of role) and regional teacher supply conditions.

Nonetheless, we have noted a significant disconnect between some elements of the proposition that agencies state that they offer, and the perceived value that schools state they gain from working with agencies.

Agencies state that the benefits of the agency model for schools include:

- A ‘one stop shop’ specialist solution for sourcing and matching candidates
- Outsourcing administrative tasks (e.g. background checks, scheduling interviews) in a short timeframe
- Flexibility of assessing a teacher in a temporary role before deciding to hire on a permanent basis
- A more effective overall cost solution when the shorter time and lower effort incurred by the school is considered
- Access to the best teachers, often referred to the agency by word of mouth

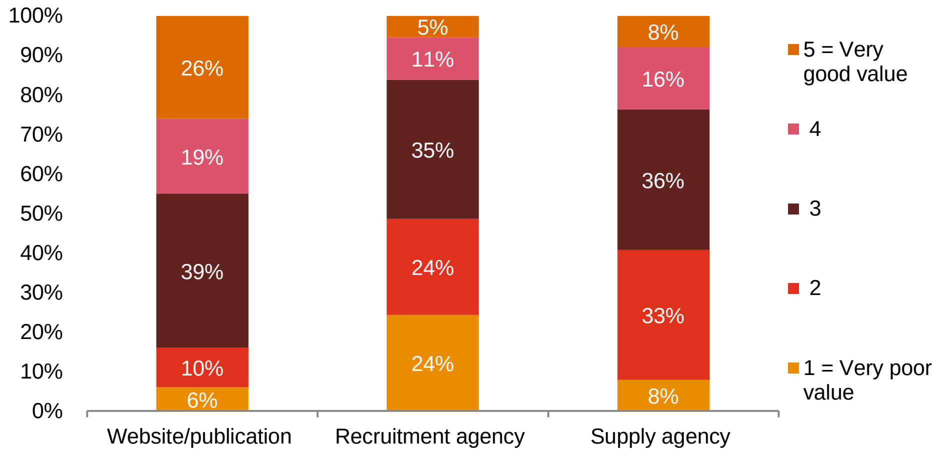
However, most schools do not agree that recruitment agencies offer better value for money or higher quality candidates. 45% of our survey respondents rate website/publications as very good or good value for money whereas only 16% think recruitment agencies are very good or good value for money (fig. 15).

Similarly, 35% of respondents perceive candidates from website/publications as very good or good quality vs. 13% from recruitment agencies (fig.16).

It is clear that although agencies are increasingly in demand to source teachers, and are seen as an effective way to do this, there remains much for many agencies to do in order to demonstrate the value for money of their offering and quality of candidates provided.

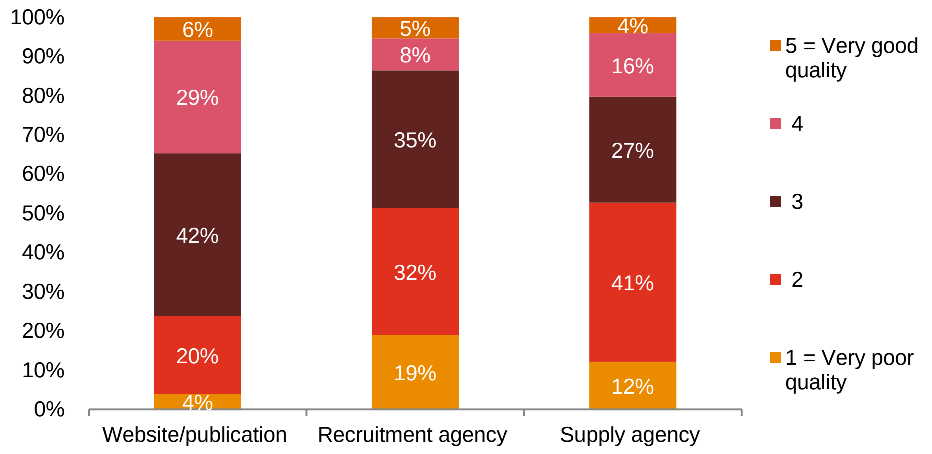
Head Teacher responses on the effectiveness/value for money and quality of candidates from recruitment channels

Figure 15: On a scale of 1-5 (where 5 is very good value), how good do you think the value for money is of:



Source: PwC School Leader Survey May 2016, PwC analysis.

Figure 16: On a scale of 1-5 (where 5 is very good quality), how good do you think the quality of candidates is from:



Source: PwC School Leader Survey May 2016, PwC analysis.

Summary – our observations

The recruitment challenge

- Teacher recruitment is likely to become more challenging as the demand for teachers increases while teacher retention weakens, compounded by difficulty in attracting new teachers to the profession

Recruitment methods

- The main recruitment method used by schools for the c.100,000-120,000 annual teacher hires continues to be through advertisements
- Schools are using word of mouth / social media more than previously
- However, schools are using recruitment agencies significantly more in their efforts to fill vacancies within a difficult teacher supply environment – sometimes commissioning agencies to recruit directly, but more often making a permanent offer to supply teachers

Costs of recruitment

- Costs vary significantly by method with recruitment agencies the most expensive at >4-5 times the direct cost of advertisements
- The total spend by schools on teacher recruitment is approximately £200m, nearly two thirds of this being on agencies
- This spend rose by c.7-10% last year, as the high cost agency segment grew its share of volumes

Value of recruitment channels

- Suitability and benefits of each recruitment channel depends on a complex mix of user requirements and local supply conditions
- Recruitment agencies face continued challenges in schools' perceptions of their value and will need to better demonstrate the cost-effectiveness of their offering and quality of candidates provided

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Key sources used:

- School Workforce census, England, 2014, DfE
- Initial teacher training census for the academic year 2015 to 2016, England, DfE
- Qualified teacher entrants and wastage in the state funded sector, 2014, DfE
- National Pupil Projections, July 2015, DfE
- NAHT School recruitment survey 2015
- PwC School Leader online survey, conducted May 2016 (n=207, including 102 Head Teachers)
- PwC recruitment agency telephone interview programme, conducted May 2016 (n=40 recruitment agencies)
- Press articles

Our experience:

We have extensive experience within the education sector, relating to both Strategy and M&A. Examples include work with schools, pathway providers, universities, private education providers and other providers of education related services.

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