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for Education

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Date 27 April 2023

Dear Ed

You will, of course, be aware of the recent public debate about the government's pay offer for teachers, and the significant part claims that the offer was inadequately funded have played in that.

The Government has been clear that its pay offer was fully funded and has worked hard to explain how we arrived at that conclusion.

Contrary to these assurances, a number of commentators have claimed publicly that the offer was not fully funded and would not be affordable with some accusing the Department of Education of not characterising the offer accurately.

Given the importance of this question to teachers and school leaders, the wider and ongoing public interest in the issues of school funding and its likely significance in public discourse around future funding decisions, we believe it would be helpful to have our statements on this issue independently reviewed.

We take very seriously our work to ensure our public statements and explanations are compliant with the Code of Practice for Statistics, and we hope this letter will allow us to show our continued commitment and good practice in this regard. We would be happy to discuss the detail with you and, of course, to put our analysts and experts at your disposal for that purpose.

The pay offer that the government made to the unions comprised:

- a one-off £1,000 pro rata payment to all teachers and school leaders, in respect of the 2022/23 academic year; and
- an average 4.5% pay award for the 2023/24 academic year

This offer was made alongside a number of further, non-financial, changes including tackling teachers' workloads. The offer would have come on top of the existing teachers' pay award for 2022/23, of an average 5.4% pay increase.

This was accompanied by the offer of an additional £620m for schools in the 2023-24 financial year, and £150m in the 2024-25 financial year. The government is clear that the combination of that additional funding, with the funding increases already being provided to schools in 2023-24 as

a result of the 2021 Spending Reviews and the 2022 Autumn Statement, would have covered the costs of the pay offer, after taking account of other forecast costs facing schools.

In broad terms, the government's calculation is set out below:

- as set out in the School Costs Technical Note¹, published in February, schools will have £2.4bn of "headroom" in their budgets across the 2022-23 and 2023-24 financial years, before accounting for:
 - o the cost, in the 2023-24 financial year, of the 2023/24 teacher pay award;
 - o the cost of pay awards in 2023-24 for school support staff; and
 - o the increase in schools' energy costs in 2023-24, compared to energy costs in 2021-22.
- based on the pay offer made to local government staff (which will apply directly to school support staff in maintained schools, and can act as a proxy for the pay awards likely to be made to support staff in academies), which would provide for a pay award of c.8%, schools will require £1.1bn of this headroom in 2023-24 to cover support staff pay.
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- assuming that schools' energy costs in 2023-24 will be c125% higher than they were in 2021-22, schools will require an additional £750m in 2023-24 to cover energy costs.
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- that leaves c£550m, which would be sufficient to cover the costs of an average 4% teacher pay award for the academic year 2023/24.
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This follows the approach that the department has taken to assessing affordability in recent years.

The additional funding to be provided as part of the offer was therefore calculated on the basis that it would cover:

- 100% of the costs of the one-off payment, calculated to cost £530m in 2023-24; plus
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- the cost of the gap between the pay award offered for 2023/24 (4.5%) and what would be affordable from existing funding (4%), calculated to cost £90m in 2023-24, rising to £150m in 2024-25.
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This was set out on the Department's Education Hub blog on 28 March², and a letter to all headteachers on 29 March.

It is worthwhile noting two further considerations:

- the department's calculations on affordability are based on national totals, and therefore the position of an "average" school – they do not attempt to model the position of individual schools, and a pay offer that is "fully funded" does not imply that no school in the country would face financial challenges or choices. This is explicitly referred to in, for example, the School Costs Technical Note, and the department's evidence to the STRB³. This is consistent with the position taken since the move to the Local Management of Schools more than three decades ago, where we do not seek to micromanage schools' spending, or dictate the details of how they deploy their funding – to seek to meet each schools' detailed costs would imply also taking detailed control of their spending choices.

¹ [Schools' costs: technical note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101441/schools_costs_technical_note.pdf)

² [Teacher strikes: Everything you need to know about the teacher pay offer - The Education Hub \(blog.gov.uk\)](https://www.blog.gov.uk/2022/03/28/teacher-strikes-everything-you-need-to-know-about-the-teacher-pay-offer/)

³ [Government evidence to the STRB \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101441/schools_costs_technical_note.pdf)

- the School Costs Technical Note relates specifically to mainstream schools, in respect of their 5-16 provision (and does not, therefore, cover school sixth forms, special schools or alternative provision). However, the additional funding included in the government's offer was calculated at a level sufficient to provide for the cost of the one-off payment, and the additional 0.5% pay award in 2023/24, for all relevant teachers (including those in school sixth forms, special schools and alternative provision).

In summary, we think it would be helpful to get a view from you as to whether, in saying that the offer has been fully funded, our public explanations and statements have been sufficiently clear, trustworthy, and reliable. Particularly, that we are clear in setting out the arguments we are making, the calculations underpinning them, and the definition of "fully funded" that we are making that judgement against.

Best Wishes

Graham Archer

A handwritten signature in black ink, appearing to read "Graham Archer", written over a horizontal line.

Director,
Strategic Policy Directorate