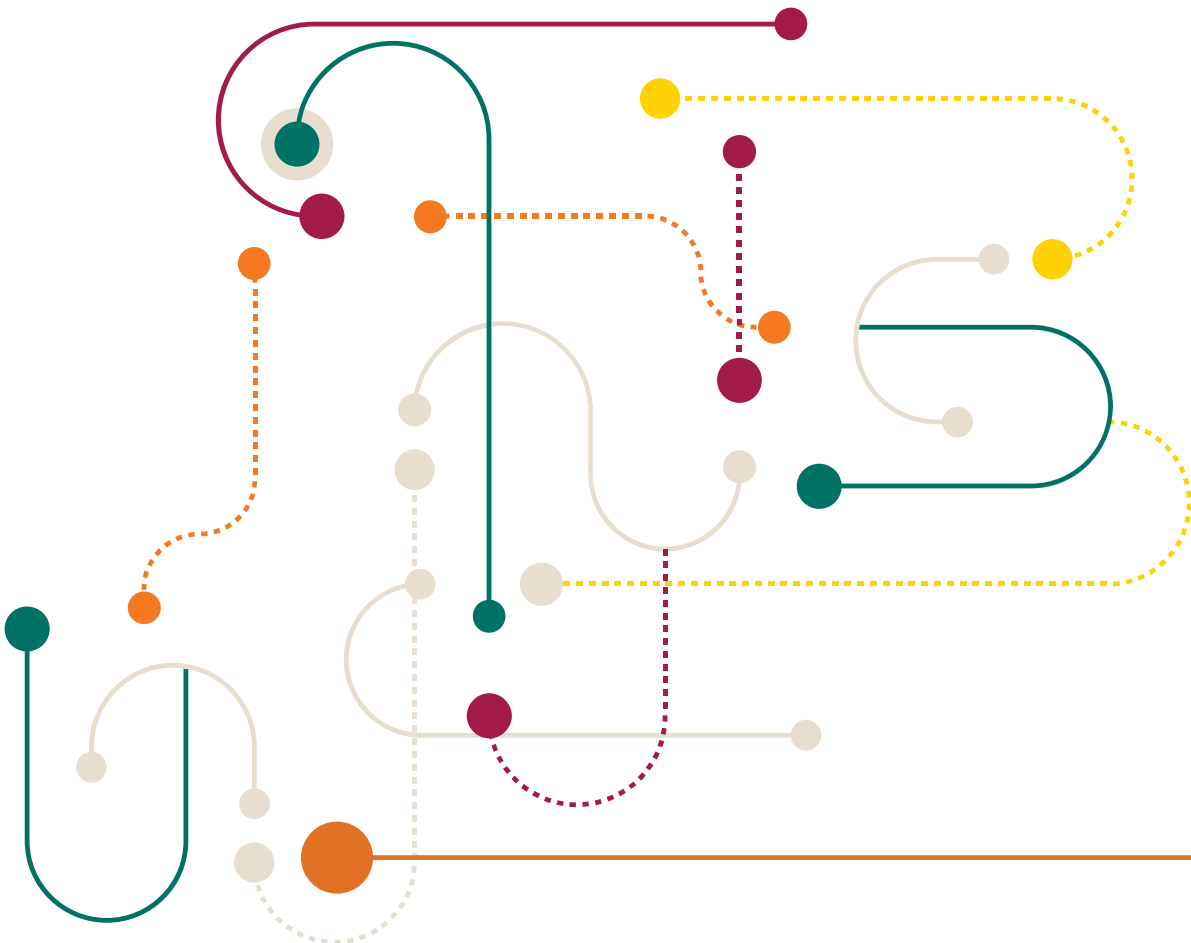


Emerging trends in education The role of supply teachers and recruitment agencies

October 2016



Introduction

Schools use supply teachers to fill:

1

day-to-day vacancies (< six weeks) typically to cover illness or training courses

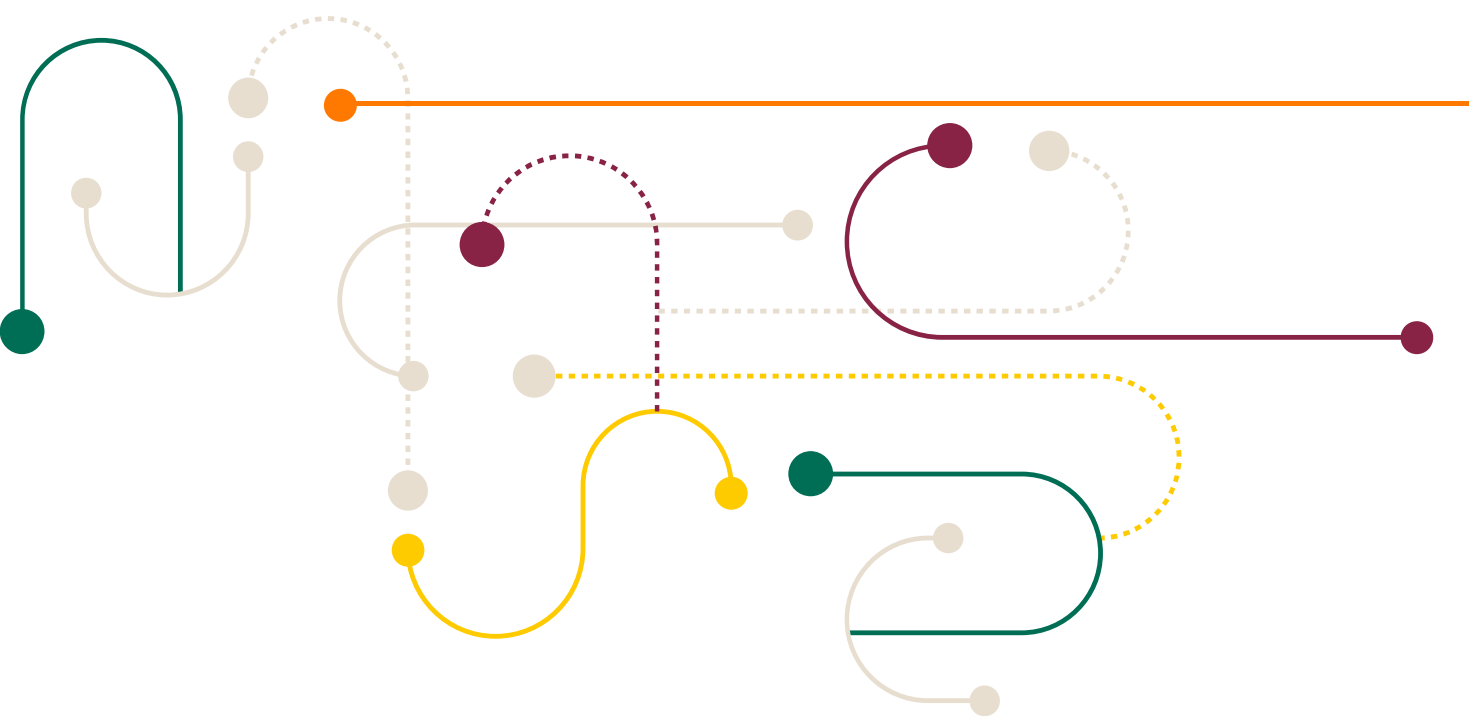
2

longer-term vacancies (> six weeks) to cover maternity, long-term sickness and permanent vacancies (for which a suitable candidate has not been found)

The use of recruitment agencies for supply teachers has been increasing in recent years, driven by the shortage of teachers in England, which has broadened from STEM subjects to other secondary subjects teachers and primary generalists. The shortage of teachers is expected to increase over the next few years, accentuated by regional and subject supply imbalances.

As a result of this growing gap and increased devolution of decision making to schools (eg through academisation) the use of agencies by schools to source quality supply teacher candidates is on the rise.

This paper examines market trends and the key recruitment players that are positioned in this market.



Demand for teachers

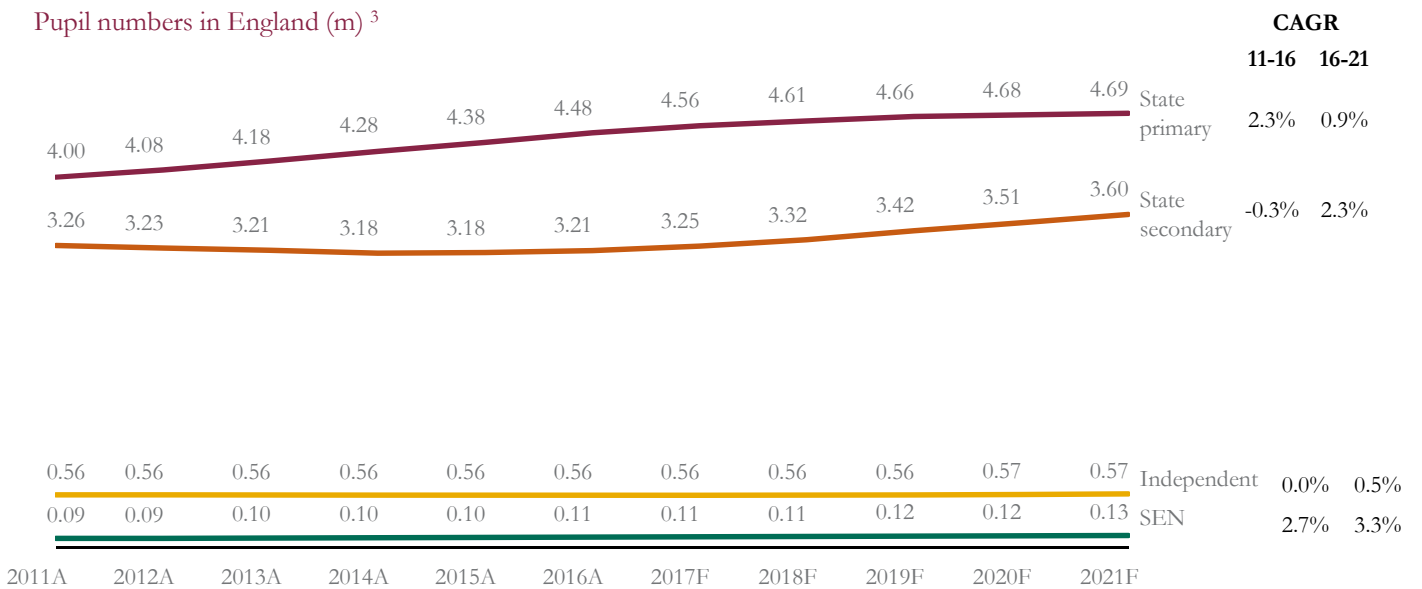
Government estimates suggest that an additional 13,800 teachers will be needed in England by 2020/21

Demand for teachers

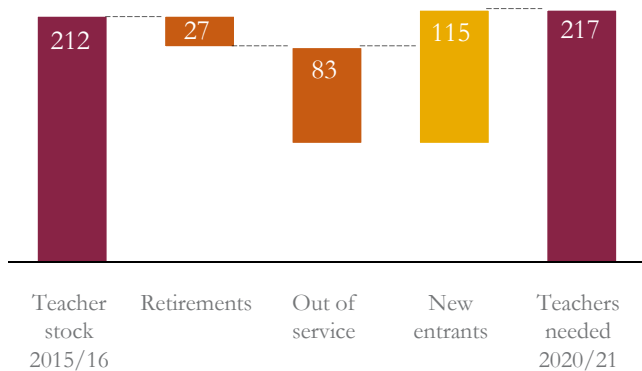
The Department for Education (DfE) has developed a model to forecast teacher requirements in state funded schools in England in the next 10 years based on assumptions of pupil numbers, retirements, teacher wastage and pupil teacher ratios (PTRs).

Pupil numbers are expected to grow (particularly in secondary schools), and the DfE teacher supply model estimates that an additional 115,000 primary and 113,000 secondary school teachers will be required to meet government targets by 2021.

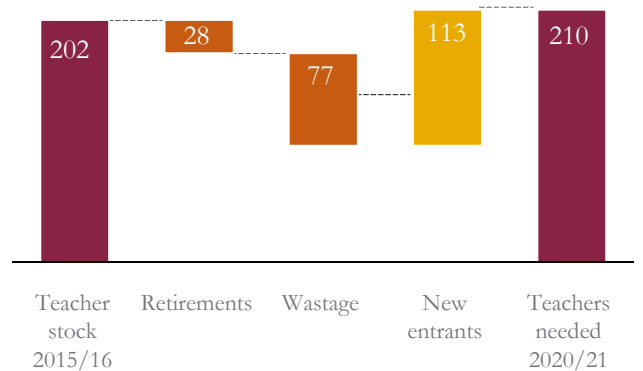
Pupil numbers in England (m) ³



Primary school – teacher supply bridge (000s) ¹



Secondary school – teacher supply bridge (000s) ¹



Supply of teachers

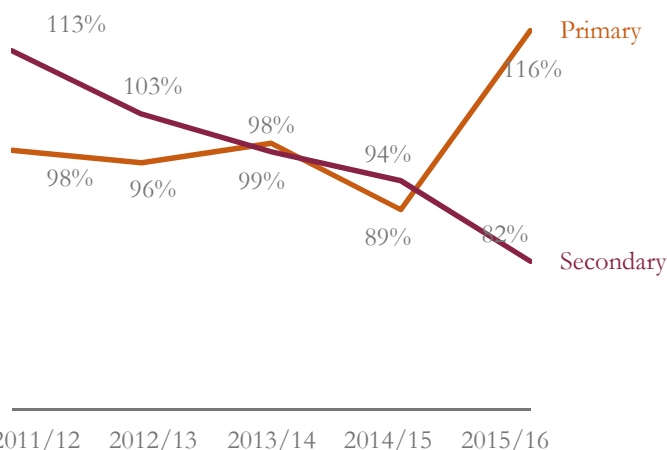
Teacher shortages are expected to worsen as teacher training targets are not being met and teachers continue to leave the profession

Teacher supply

The DfE has often fallen short of its teacher training recruitment targets which are generated from its teacher supply model. It is currently struggling most in secondary schools where the forecast increase in pupil numbers is expected to be highest. Furthermore, national targets do not take account of local demand/supply imbalances which can exacerbate the shortage itself.

The public sector has been losing c.40,000 teachers pa on what appears to be an upward trajectory and roughly 20% of newly qualified teachers leave within three years of qualifying. Teachers leaving the profession frequently flag high workload, stress and poor remuneration as critical factors. An increasing number are also leaving to teach in international schools (eg Dubai/UAE), where the quality of life for a teacher is perceived to be higher.

UK graduate teacher training applications as % of target ⁶



It is harder to recruit this year – we are having to recruit up to the bitter end – right into July. We recruit our NQTs from training colleges, but the number of NQTs is reducing. We have an NQT pool and normally there have been 150 teachers, and the numbers dropped to 70 last year”

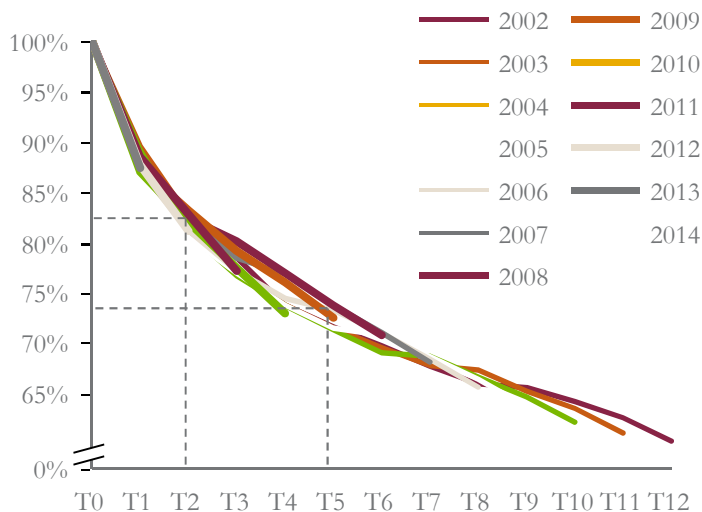
Head, Secondary

Teaching is definitely seen as a less attractive career than it used to be and so less people are going into it. Long holidays are a myth – long hours and little respect for teachers now. It is not seen as being professional despite it being a tough job”

Supply Agency

2011/12 2012/13 2013/14 2014/15 2015/16

Percentage of FTE teachers by year of qualification, still working as teachers ²



One of the big challenges schools face is not just recruiting but retaining staff as one in five drop out in the first three years. I think it is down to school selection. Graduates are applying to the wrong schools as schools are in a panic about recruiting. I don't think enough work is done in profiling candidates”

Supply Agency

There is also an increasing amount of teachers consciously choosing to become supply teachers. Historically, people were supply teachers as they weren't really good enough to get a full time job. However, now people are increasingly choosing to be supply teachers as they value the flexibility and because there is so much pressure on full-time teachers”

Supply Agency

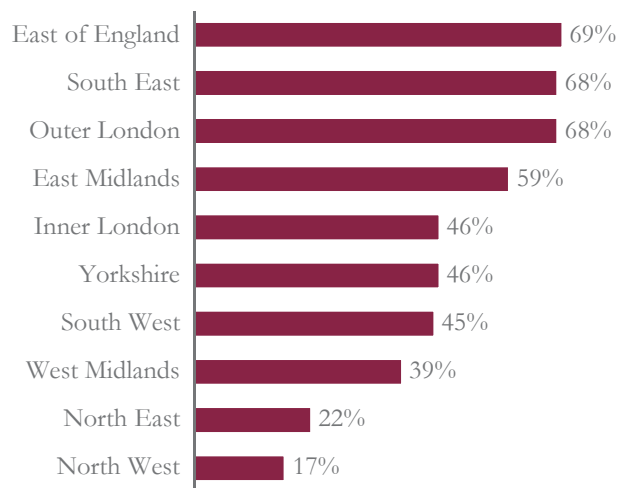
Shortages are accentuated on a regional and subject basis

Teacher supply

Teacher shortages are accentuated on a regional basis with certain areas struggling to attract talent. Despite earning higher salaries, many teachers can't afford to live in London whilst rural areas struggle to attract NQTs that often prefer urban life.

Shortages are also more pronounced in subjects such as Science, Mathematics, English and Technologies. Graduates in these subjects can typically earn significantly greater salaries working in other industries. Subject shortages are further accentuated on a regional basis due to the reluctance of some teachers to move area and imperfect information on job vacancies.

Head teachers view on whether there is a shortage of teachers in their area, 2015⁵

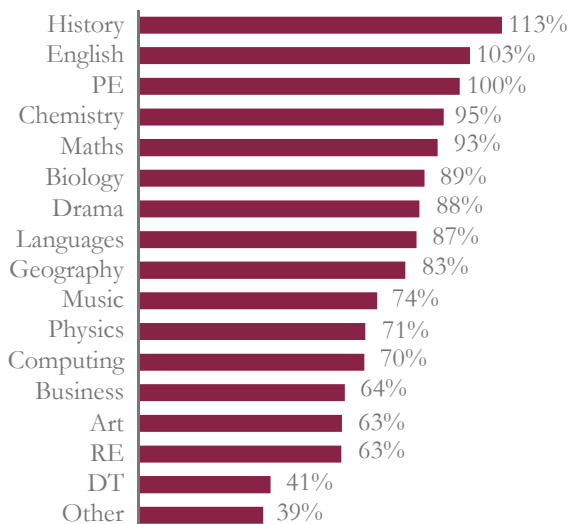


"We are also in a high cost area with expensive housing and no train line. Milton Keynes is just next to us and more teachers prefer to go there. We therefore decided to find teachers through agencies"
Head, Secondary

"There are regional variances in shortages. In one area it could be Sciences, in other areas Maths and English"
Supply Agency

"Recruitment is a real challenge in Scarborough. The town is isolated and teachers have to make a conscious decision to move here. This is fine for experienced teachers in their 30s and 40s but younger teachers would rather be in Leeds or Manchester"
Head, Secondary

Graduate teacher training recruitment as % of target, 2015/16⁶



"In my job I manage three departments. There are no teachers around and we can't recruit. We are always trudging around trying to get supply teachers. Design Technology is a nightmare, every year we seem to struggle to get permanent staff and so have to resort to long-term supply teachers. It's the same for the Science and Maths departments"
Head of Department, London

"Recently the shortage has got wider and wider – we are struggling with English and Geography too, and the situation is getting worse. A Maths teacher will earn £28k in London – if they've done a Maths degree they could get a much higher salary in the City and have a higher standard of living"
Supply Agency

Impact of Brexit

'Brexit' could reduce pupil numbers but the impact on teacher numbers may be partially mitigated by slower growth in pupil teacher ratios

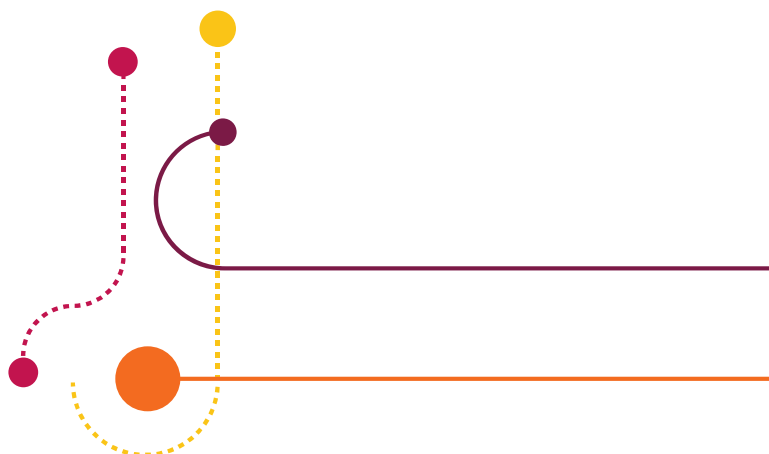
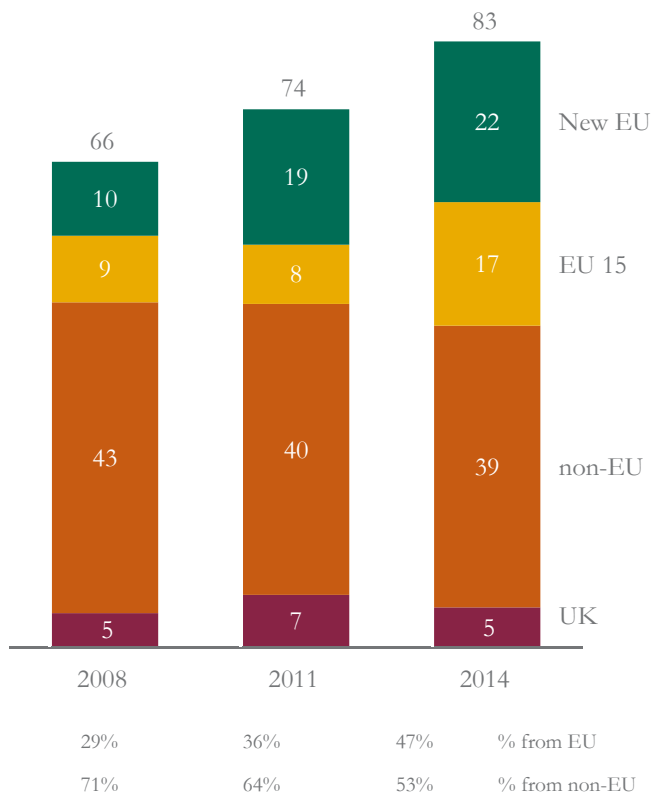
Migration from the EU has been an important driver of increases in pupil numbers and will likely decline following Brexit.

Should annual migrant numbers fall by 20,000 to reach 2008 levels, then the pool of teachers required could reduce by c.1,200 (assuming an aggregated primary and secondary PTR of 17).

The actual impact on teacher numbers is likely to be lower as the 20,000 are spread across the country and so have a minimal impact at an individual school level. As such, it is likely that PTRs will go up at a slower rate than currently forecast.

A points based immigration system may favour non-EU citizens and any increase could offset the decline in immigration from the EU.

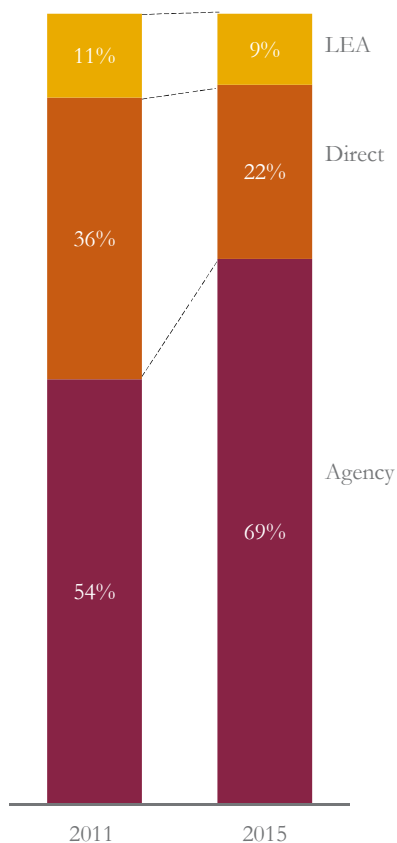
Inbound migration of school aged persons to the UK by region of origin ^{8,9}



Drivers of supply agency use

With the devolution of decision making from LEAs to schools, the use of agencies to source high quality candidates is increasing

Routes to obtaining work for supply teachers ¹⁰

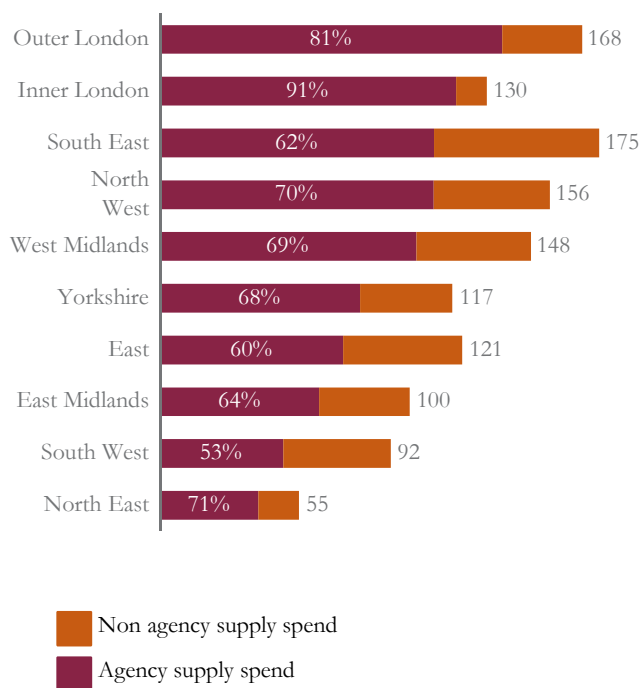


Driver	Details
Academies	"I think academies have generally been a good thing [for agencies]. They work directly with agencies rather than through LEAs which has opened up the recruitment market" Supply Agency
Teacher quality	"The advantages are the quality of candidate you can get in. I will generally know that I will need cover 3-6 months in advance (particularly with maternity leave) and in this time I know that I will be able to speak to a number of good international teachers and organise everything in advance online" Head Teacher, Primary
Efficient and timely	"Some other local authorities may still have supply pools but they don't really use them in Hampshire. Schools find it easier to outsource as they do not have time to ring around in the morning. Often the lists of LEAs are out of date, whereas supply agencies obviously know who is available and are generally very proactive" Supply Agency
Compliance	"From a D2D perspective, the main advantage is that the agency will handle all of the compliance issues. You know that the teacher you bring in will have undertaken all the necessary checks" Head Teacher, Secondary
Flexibility	"One of the advantages is that you can get rid of someone if they are not an appropriate fit. I like the 'try before you buy' concept – it is a more up to date model. I get to put the teacher in a classroom before committing" Head Teacher, Secondary
Value for money	"The advantages are that recruitment is quicker and in the short-term is cheaper. This is because you do not have to pay the advertising fees with the local paper which can be up to £1,200. We still generally use it as a second phase though" Deputy Head, Secondary

Source: Department for Education; Grant Thornton interview; NUT supply teacher survey

Agency use by region

Agency share of spend on supply teachers by region, 2015 (£m) ⁴



The supply teacher market is estimated to be worth £1.3bn and has been growing at 5% pa. Agency penetration varies by region and is highest in major metropolitan areas.

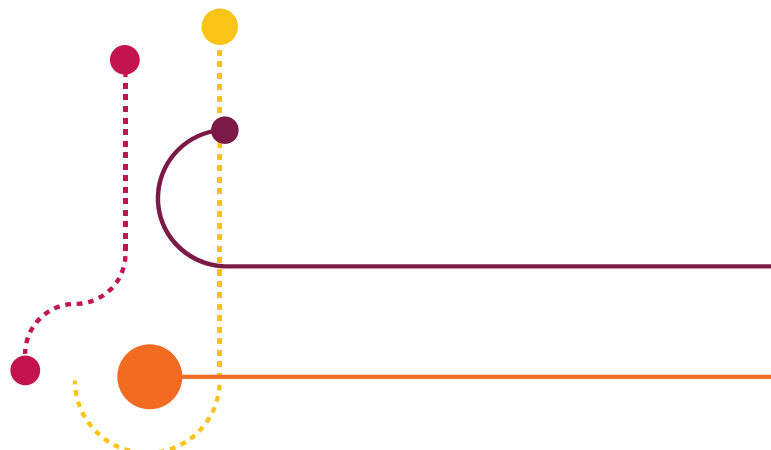


Yes, of course we use an agency for both our long-term and day-to-day supply. I wasn't aware that any schools in London didn't do it this way. Its just the easiest most logical way to do it"

Head of Department, Secondary

We are in a very rural area so it's difficult to recruit. We have a good relationship with our agency and there is always someone on the end of the phone. The problem is that sometimes there is simply not the pool of staff available"

Head, Secondary



Sources of teachers

Agencies are helping to ease teacher shortages with high quality international candidates from countries with teacher surpluses

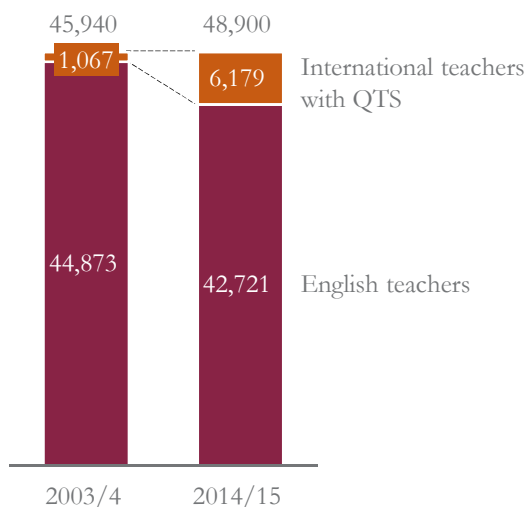
Teacher supply

Agencies are increasingly sourcing high quality candidates from teachers that have historically had a surplus of teachers. These teachers are typically NQTs and are often from Commonwealth countries such as Canada, New Zealand and Australia, who can easily obtain a youth mobility visa, as well as Ireland.

These teachers are keen to fill long-term supply positions in the UK as it is seen as good for professional development, provides a new cultural experience and can be used as a base to travel around Europe during the holidays.

Most schools we spoke to found international teachers to be of a good quality and typically very enthusiastic. However, some did suffer from home-sickness and the high workload expected in English schools.

Number of qualified teacher entrants (new and returning) into the state sector by origin in England ^{2,7}



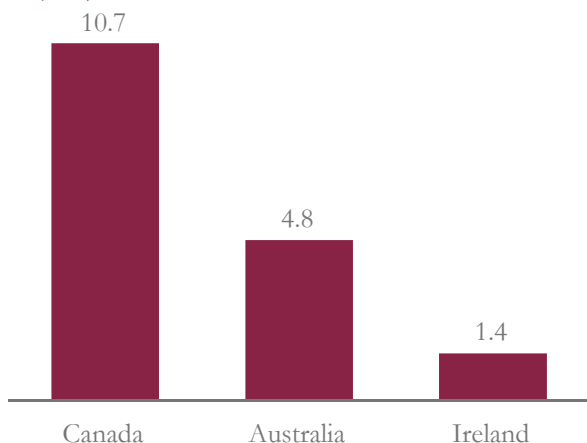
I do really like international teachers they tend to be more flexible and so I have more choice. In London, it is really hard for a UK teacher to afford to live here and so there is a real shortage. The international ones come over with a lot of enthusiasm, are happy to stay in a shared house and are just generally more flexible"
Head, Secondary

International teachers are very interesting – their reasons for being in supply is different. You can get very good quality overseas teachers even if they require a bit of training"
Supply Agency

I took the initiative as had to be proactive in recruiting as there is a shortage of good UK candidates so we have to look to overseas candidates"
Deputy Head, Secondary

We're really happy with overseas teachers and the service our agency provides. They come in and do a really good job"
Head, Primary

Estimated newly qualified teacher surplus by country, 2015 ('000)



Working in the UK will look good on my CV as well as providing a great experience for a year or two"
Australian supply teacher

I chose the UK after discussions with agencies really – there is no language barrier, and I wanted to experience a different culture"
Canadian supply teacher

Travel, culture... I have always wanted to come and teach in the UK"
Australian supply teacher

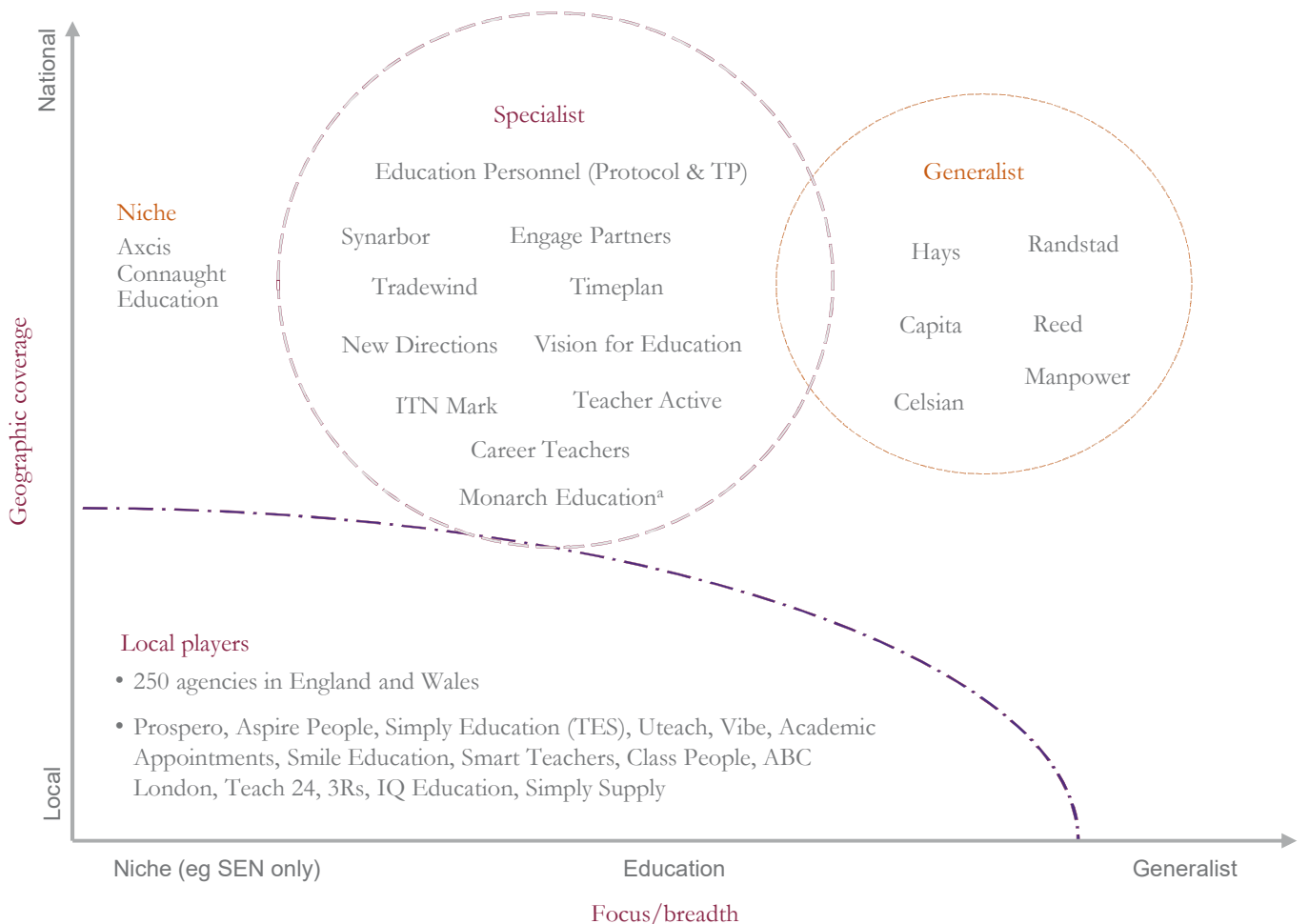
Part of the attraction of England is the perception that there is better access to training – a lot of training in Ireland tends to be curriculum based. There is less around special needs, behavioural management etc which I was really keen to learn about"
Irish supply teacher

Competitive landscape

The agency landscape is highly fragmented and consists of a few large generalists, c.10 specialist agencies of scale and a long-tail of local players

Supply agency market

The supply agency market is fragmented and consists of five to six large national generalist recruiters who have a c. 10% market share, c.10 larger specialist agencies with a combined c. 40% share and a long-tail of c. 250 regional and local players with a combined c. 50% market share.



Notes: a. Monarch is owned by Capita

Choosing a supply agency

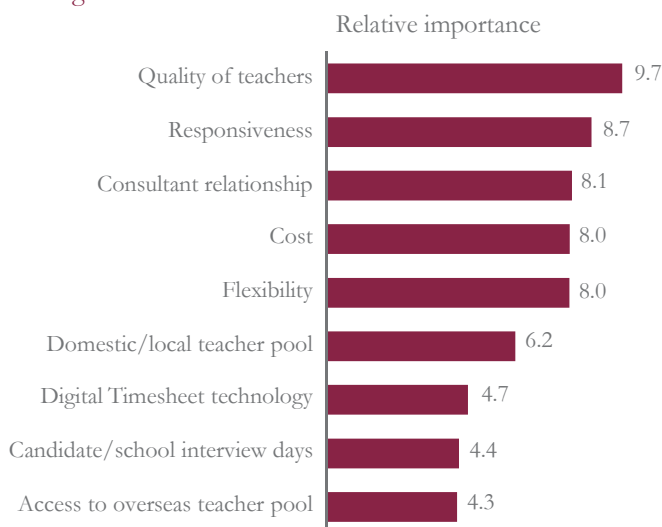
Schools typically choose agencies based on the quality of their teachers whilst candidates' focus is on finding a good job quickly

Teacher supply

The quality of their teacher pool is the key priority for schools when choosing a supply agency. For long-term supply, schools will typically contact two to five agencies to find the best possible candidate. Schools are cost conscious but will pay a premium in order to find the right quality teacher. Day-to-day is seen as a slightly more commoditised market.

Supply teacher candidates' expectations vary depending on their origin. For international candidates, speed in finding a job, help with moving to the UK and on-going support are key. UK supply teachers prioritise finding jobs at good schools which are not too far away from where they live, along with pay rates.

Schools' criteria in choosing an agency for long-term bookings ¹²

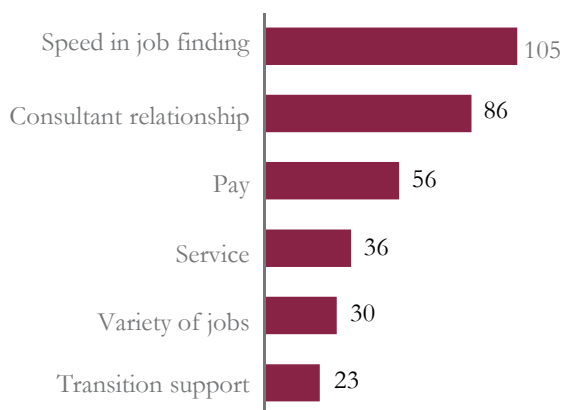


The only real criteria is the quality of the candidates. I will look at charge rates, buy outs and notice periods, particularly if I am using short-term supply. Agencies appear more expensive, but not many schools would get the same for less"
Deputy Head, Secondary

The key purchasing criteria is very much the quality of candidates. As I said, £20-£30 a day is not the end of the world and so quality and strength of relationship are key. You need a consultant that is responsive and has that partnership mentality"
Head, Primary

The quality of candidate is the most important factor and having a consultant who you can trust.. Price is important but I am willing to pay a premium for the right candidate"
Head, Secondary

Candidates main reasons for choosing your supply agency ¹¹



I chose my agency because they were personable, I felt comfortable with them. The others were not as involved and sent loads of blanket emails"
Supply Teacher

They approached me in March. I had a telephone interview and they seemed professional. It was a long interview which is unusual for other agencies. I felt they could get me a good job"
Supply Teacher

We sell based on being a local agency – both to schools and candidates. For candidates, only working with local schools can be a big benefit. Recent changes to tax regulations means that supply teachers can no longer claim travel expenses using umbrella organisations. This means that teachers are less willing to travel far to work. From a candidates perspective they get great service, good pay and very good support! "
Supply Agency

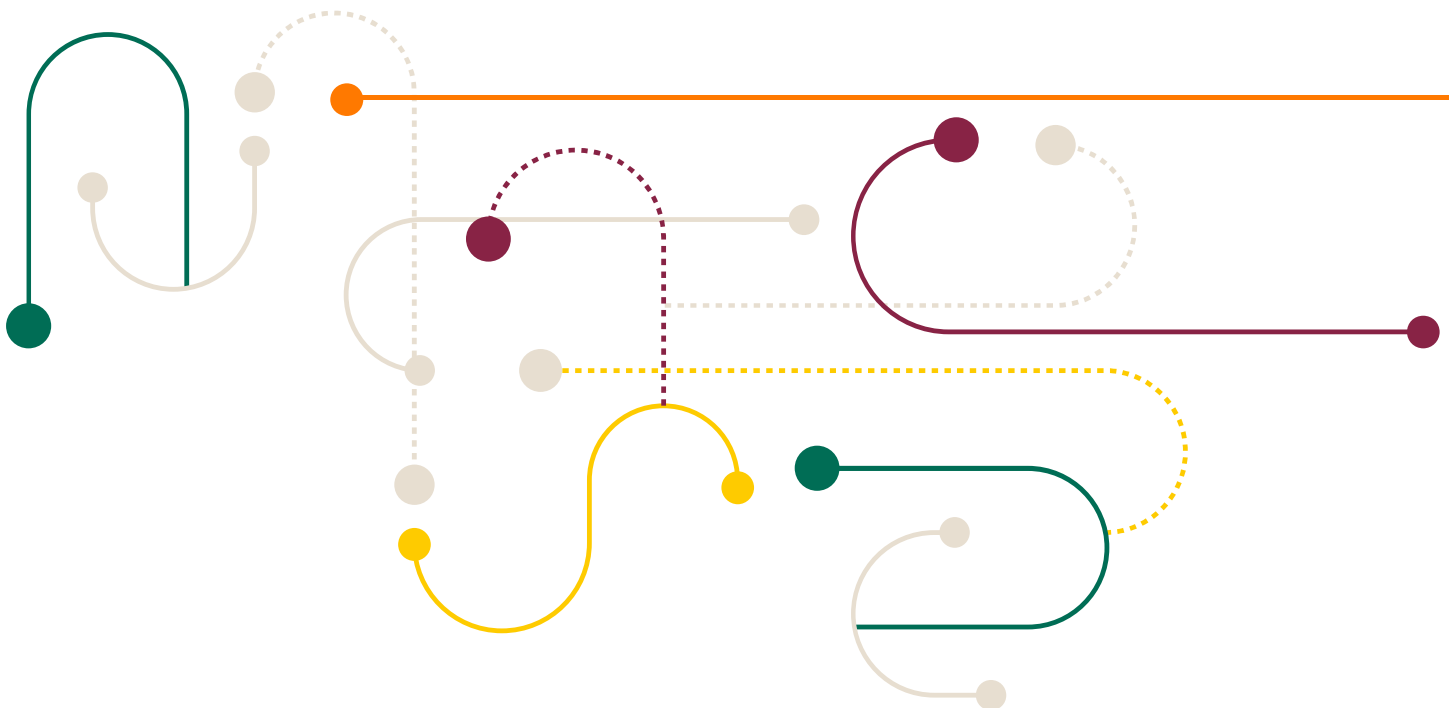
Conclusion

The supply teacher recruitment market has grown significantly over the past five years and the outlook continues to look positive given expected teacher shortages and further penetration potential of agencies.

However, the supply teacher agency industry is highly fragmented. The day-to-day market is the most competitive, with relatively low barriers to entry, as a recruitment consultant can set-up in a local area and get to know both schools and candidates.

By contrast, the longer-term placements market has higher barriers, as it requires identifying candidates who may not be local and matching them with the relevant school. Increasingly, success requires a sourcing platform from international markets which have a teacher surplus.

The opportunities for investing and growing in this market are exciting given underlying market growth and opportunities for consolidation.



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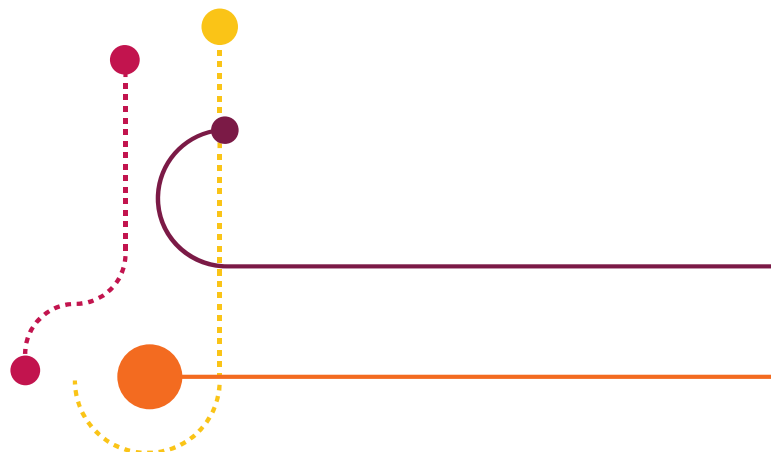
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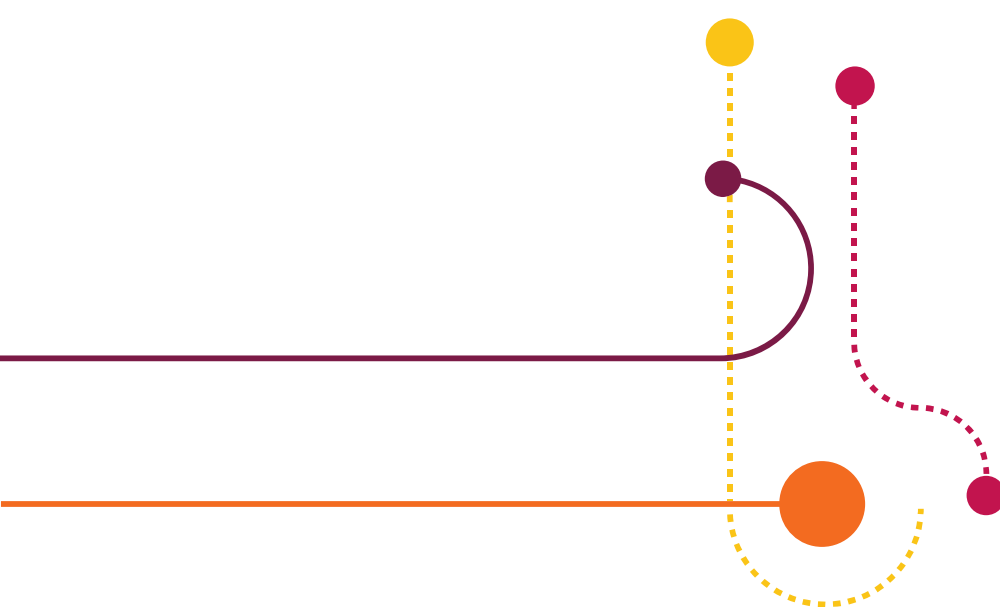
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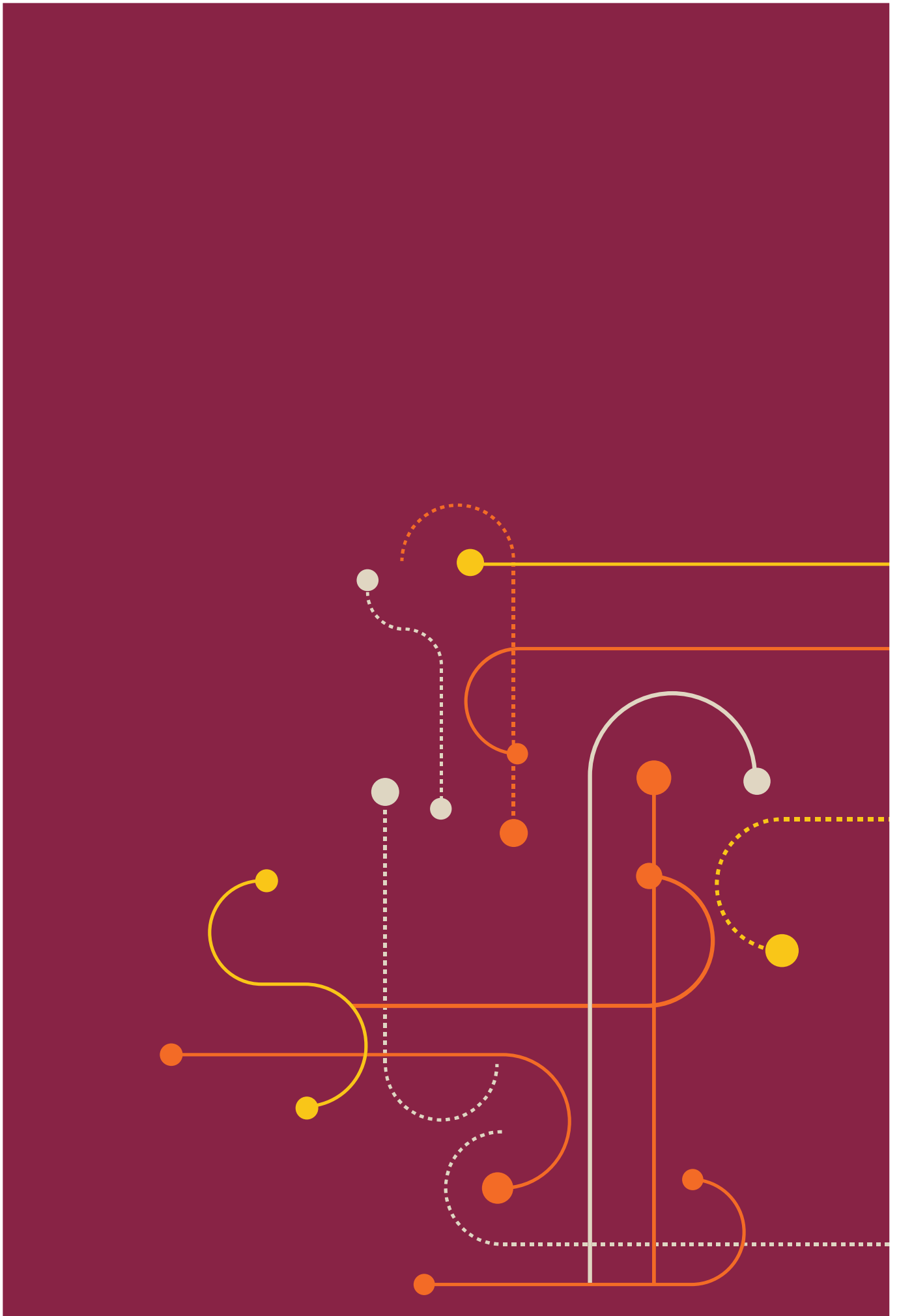
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Sources and references

¹ DfE	<i>Teacher Supply Model 2015/16</i>
² DfE	<i>School Workforce Survey, 2015</i>
³ DfE	<i>Pupil and school numbers, 2015</i>
⁴ DfE	<i>LA & school expenditure & Income and expenditure of academies (2011-2015)</i>
⁵ National Association of Head Teachers	<i>School Recruitment Survey, 2015</i>
⁶ UKAS	<i>Initial Teacher Training Census, 2015/16</i>
⁷ Times Education Supplement	<i>One in Six new teachers in England is from overseas, 2015</i>
⁸ ONS	<i>Population estimates for the UK, 2015</i>
⁹ ONS	<i>International Passenger Survey, 2015</i>
¹⁰ National Union of Teachers	<i>Supply Teacher Survey, 2015</i>
¹¹ Grant Thornton	<i>Supply Teacher Survey, 2016</i>
¹² Grant Thornton	<i>Schools Survey, 2016</i>







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