



The National Employers' Organisation for School Teachers (NEOST)

**Employers' evidence to the School Teachers'
Review Body**

December 2010

SUMMARY OF EMPLOYERS' EVIDENCE

Uplift for those earning £21,000 or less

The Employers are not convinced that singling out a small number of unqualified teachers for a salary increase in September 2011 and September 2012 is defensible. Neither is there any evidence that this exceptional treatment is justified in terms of recruitment or retention.

Limit on Head Teachers' Pay

The Employers support the principle of imposing some limitation on the pay of head teachers who are undertaking what can be described as the core role of a head teacher.

It would be reasonable to set a national overall limit on a head teacher's salary where the head teacher is deemed by the governing body to be undertaking what the governing body would define as a core head teacher's role.

The maximum amount of discretion that should be available to governing bodies in establishing the ISR for a head teacher undertaking the core role should allow for a salary of around £125,000 outside London. It would be necessary to establish comparable figures for Inner London, Outer London and the Fringe Area.

A number of head teachers have roles and responsibilities over and above the core role.

The Employers' view is that, where these expanded roles go beyond what could be reasonably considered to be the core role of a head teacher, it would be impossible to establish a reasonable limit on the discretion that governing bodies should be given in determining appropriate salary levels.

1. INTRODUCTION

- 1.1 This evidence is presented to the School Teachers' Review Body (STRB) on behalf of children's services authorities and local education authorities in England and Wales in their capacity as employers of school teachers and on behalf of other employers of school teachers in the maintained sector in England and Wales.
- 1.2 The 173 children's services authorities and local education authorities vary in size, ranging from authorities with relatively few schools to larger metropolitan and county authorities with a large number of schools. In each case, the authority will have to reconcile policies to support schools with pressure on budgets. The Employers hope that the Review Body will share their emphasis on the role and value of effective partnerships between children's services authorities, local education authorities and all maintained schools.
- 1.3 The representative body for employers of teachers in maintained schools in England and Wales is the National Employers' Organisation for School Teachers (NEOST) which draws its members from the Local Government Association, the Welsh Local Government Association, the Foundation, Aided Schools and Academies National Association (FASNA), the Church of England Board of Education and the Catholic Education Service.
- 1.4 NEOST is part of a network of local authority employers which collectively cover approximately 2 million full and part-time employees paid by nearly 450 local authorities in the United Kingdom. The network covers the full range of local government staff working for local authorities as well as the police and fire services. Therefore, the Employers, like local authorities generally and the Government itself, are responsible for ensuring a fair and balanced allocation of resources across a range of key public services. The Employers attach priority to the avoidance of unnecessary disruption and ensuring that any changes can be afforded and will be long lasting.
- 1.5 The Employers have undertaken detailed consultation with local authorities, FASNA and the Church organisations on the issues raised by the Review Body. In formulating their responses to the Employers, local authorities and the other national organisations have taken on board the concerns expressed by individual schools and governing bodies.

- 1.6 The results of this consultation have been taken into account in preparing this evidence.
- 1.7 The Employers reserve the right to submit supplementary evidence to the STRB in response to submissions made by the other statutory consultees, including the Department for Education (DfE) and the teacher unions.

2. UPLIFT FOR THOSE EARNING £21,000 OR LESS

- 2.1 The Secretary of State's remit letter of 27 October 2010 asked the STRB to make recommendations on:
- what pay uplift should be awarded to those teachers earning £21,000 or less in the context of the two-year public sector pay freeze that will affect teachers from September 2011; and the CST's instruction that there should be a minimum award of £250 in each of these two years.

The financial context

- 2.2 The 2010 Comprehensive Spending Review (CSR) announcement in late October set out the government's commitment to increase the schools' budget by 0.1% in real terms for each year of the spending review period. Although this was a "generous" settlement when compared with the austerity of the other funding decisions relating to local government, the effect of this small increase will lead to a significant reduction in per pupil funding when predicted increases in pupil numbers over the period are taken into account. The introduction of the pupil premium will also have a variable impact on overall funding in individual authorities.
- 2.3 The STRB will also be aware that, in contrast to the award of a 2.3% salary increase for teachers effective from 1 September 2010, the financial position for local government staff generally was that they were not awarded any pay increase at all in 2010; in 2009 awards were restricted to 1% for those below a certain salary level.

Government guidance to the Chairs of the Pay Review Bodies

- 2.4 In his remit letter to the Review Body, the Secretary of State referred to the government's two-year public sector pay freeze, apart from those earning £21,000 or less. The Chief Secretary to the Treasury has provided further guidance to chairs of the pay review bodies outlining the basis for how the minimum increase of £250 should be applied.
- 2.5 In terms of the school teachers' salary structure, the only teachers who would be affected by the £21,000 salary reference are unqualified teachers on the bottom part of their pay scales.

- 2.6 For unqualified teachers working outside London this would include those on the first 3 points of the 6-point scale. Because the pay scales for teachers working in Inner London, Outer London and the Fringe Area include built-in elements relating to London weighting, it is assumed that these elements would need to be discounted to comply with the earnings' definition set out in the Treasury advice; this would mean that unqualified teachers on the bottom 3 points of these scales would also be eligible for the minimum £250 increase.
- 2.7 In joint evidence submitted to the Review Body in May 2007, the Rewards and Incentives Group (RIG)* said that about a fifth of all unqualified teachers were paid on the first point of the scale, but very small percentages were paid on the next few points of the pay scale. RIG's understanding was that those on the bottom point were mostly on employment-based training routes who, rather than subsequently progressing up the unqualified scale, would move on to the qualified classroom teachers' pay scale immediately following their qualification.
- 2.8 So most unqualified teachers on the lower points of the structure will only be there for a limited time; even the few that remain on the lower part of the structure will, of course, be eligible for incremental progression.

The Employers' position

- 2.9 As referred to above in paragraph 2.2, the tight CSR settlement will have a significant impact on school funding over this period. **In this context, the Employers are not convinced that singling out a small number of unqualified teachers for a salary increase in September 2011 and September 2012 is defensible. Neither is there any evidence that this exceptional treatment is justified in terms of recruitment or retention.**
- 2.10 There are a number of other reasons why the Employers would argue against awarding any increase for unqualified teachers on the bottom part of their pay scale. Firstly, as indicated above, it is likely that the vast majority are on employment-based training routes and will therefore quickly move on to the qualified scale. The remaining teachers on this part of the structure will receive an annual increment of around £1,800 in each of the two years.

*In 2007 RIG comprised ASCL, ATL, DfES (now DfE), NAHT, NASUWT, NEOST and PAT (now Voice)

- 2.11 Secondly, the awards made to teachers over the 3-year period from September 2008 to September 2010 are significantly above the increases awarded to other local government staff over the same period; the Employers have previously expressed their concerns to the Secretary of State that awards to teachers have been under-funded. The Review Body should be aware that the generality of local government staff received a 1% increase from 1 April 2009 and have not had any salary increase in 2010.
- 2.12 Lastly, awarding an increase of £250 or more at the bottom end, even with a degree of tapering, will distort the internal coherency of the current pay scales.

3. LIMIT ON HEAD TEACHERS' PAY

- 3.1 The Secretary of State has asked the STRB to make recommendations:
- in the context of longer term arrangements for rewarding emerging models of leadership, [on] whether there should be a limit on the value of discretions that can be applied to head teachers' pay; and, if so, what it should be and how it could be applied.

Background

- 3.2 When this issue was first raised by the Secretary of State in the context of consultation on the draft 2010 School Teachers' Pay and Conditions Document, the Employers made the following points:

NEOST are supportive of the principle behind introducing a limit on the remuneration of members of the leadership group in schools, although there seems to be an inherent contradiction between giving schools more freedom to make their own decisions and seeking to inhibit that freedom in particular circumstances. However, the over-riding consideration is that prudence must be exercised when public money is at stake and governing bodies must be encouraged to manage the school's budget responsibly.

In giving our general support to the principle, however, we have some concerns about the Secretary of State's proposals to introduce a limit based on the salary of the Prime Minister to commence from 1 September 2010. These concerns relate to the proposed limit, applicability to different types of schools, timing and the process involved.

Proposed Limit

Whilst NEOST appreciate the sentiment that lies behind using the Prime Minister's salary as a benchmark upper limit to the remuneration of school leadership posts, we are concerned that it is an arbitrary one in the context of a school and the teaching profession. Our view is that any limit needs to be a well thought out one, appropriate to the profession and teachers' pay in all its different aspects.

There are a number of factors which we would like to see considered as follows:

- Does the limit apply to basic pay or to total remuneration?
- Linked to the first point, what are the implications for the remuneration, roles and impact in the system as a whole of heads taking on wider roles such as School Improvement Partners, Local Leaders of Education and National Leaders of Education?
- An upper limit may result in difficulties in recruiting and retaining good quality leaders for the larger, more challenging schools.
- What guidance would governing bodies, religious authorities and local authorities need to ensure the proposals were implemented?

Applicability

NEOST believe that any limit should apply to all state funded schools, including academies, if pay levels are to be consistent, transparent and fair across the board. The impact of giving some schools total freedom over remuneration is likely to lead to the best leaders being employed in these schools, thereby providing an unfair advantage in respect of learning opportunities and life chances for the pupils in those publicly funded schools outside the maintained system.

Timing and Process

In light of our comments above, NEOST believe that the most appropriate course of action is to refer this issue to the School Teachers' Review Body for their recommendations. You will note that our concerns are very much along the lines of those set out by the Chair of the STRB in her letter to the Secretary of State of 15 July 2010.

Referral to the STRB would enable them to take into account all relevant factors and consult those closest to schools in order to ensure that any limit imposed is fair and fit for purpose and does not lead to any confusion. It may be difficult to impose a limit from this coming September without clarification of the points we have raised above. For this reason and because we are supportive of the inclusive nature of the STRB process in general, NEOST has concerns about the intention to disapply the normal referral arrangements in respect of this issue.

However, if the Government decide that this decision cannot await the outcome of the normal Review Body process, then NEOST would support the Review Body's proposal that any changes this year should be on an interim basis pending a more considered review in time for implementation of new long-lasting arrangements from 1 September 2011.

In implementing any interim arrangements, there must be clear guidance to governing bodies, head teachers, religious authorities and local authorities, whom schools rely on for advice on pay and conditions matters, to ensure that the new provisions are clear and workable.

It is assumed that any interim arrangement introduced from 1 September 2010 will need to impose an overall limit so that all payments under the School Teachers' Pay and Conditions Document (STPCD) are encompassed within this overall limit. This means that the limit must cover payments under the following paragraphs in the STPCD:

- Paragraph 12 (Determination of a school's individual school range) and comparable paragraphs relating to the determination of deputy and assistant head salary ranges;
- Paragraph 49.1 (Additional payments, including "provision of services by the head teacher"). This is explained further in paragraphs 163 -166 of Section 3 of the STPCD;
- Paragraph 50 (Recruitment and retention incentives and benefits). There could also be an argument that the 2010 STPCD should be amended to disapply the flexibility relevant bodies currently have to pay recruitment and retention allowances to members of the leadership group, particularly since the guidance set out in paragraphs 27 and 45 of Section 3 stipulates that the setting of the head's individual school range and the setting of pay ranges for deputies and assistant heads should take into account recruitment and retention issues; and
- Paragraph 52 (Salary sacrifice arrangements).

One point on which we would wish to see clarification is on the meaning of the statement in the Secretary of State's letter of 5 July 2010 to the Chair of the Review Body that the limit "would apply to any salary decisions that would take effect on or after 1 September 2010". Does this mean that it is only those posts on which the salary **decision** is made on or after 1 September 2010 that would be subject to the limit, or does it mean all those posts commencing on or after 1 September 2010 where the decision in respect of remuneration will have been taken much earlier than this? If it is intended that the latter interpretation applies, then this will raise a number of contractual issues relating to offers of employment made, and accepted, prior to 1 September 2010, based on the current provisions set out in the 2009 STPCD.

Finally, although it is assumed that the Secretary of State's intention in wanting to introduce new provisions into the STPCD is to impose an overall limit on the salary levels of members of the leadership group, this mechanism would – by definition - have to exclude those additional payments made outside the terms of the STPCD, for example where a head teacher is paid under a supplementary contract:

- for their responsibilities connected with running a children's centre on the school's site; or
- in an executive head role, supporting one or more other schools.

3.3 The Employers were pleased that - in the light of responses to consultation on the draft 2010 Document, including the above response from NEOST – the Secretary of State decided not to pursue a change to the 2010 Document but to instead invite the Review Body to make appropriate recommendations.

3.4 The issues and concerns expressed by the Employers during consultation on the draft 2010 Document, as expressed above, have been explored further in developing this evidence. The issue of proposing a "cap" on head teachers' pay is complex – especially when there is a lack of research evidence on which to base any objective assessment of the current position to inform practical proposals. There is of course plenty of anecdotal evidence and a perception that there is some "bad practice" in the system.

3.5 There follows below a further exploration of the issues raised in the remit and the Employers' proposals on each issue.

Should there be a limit on the value of discretions that can be applied to head teachers' pay?

3.6 **The Employers support the principle of imposing some limitation on the pay of head teachers who are undertaking what can be described as the core role of a head teacher.** One of the difficulties, however, is coming to a shared understanding of what the core role of *every* head teacher is.

- 3.7 However, some heads are undertaking roles which are beyond any reasonable definition of the core head teachers' role and it is difficult to see that it would be reasonable to impose any meaningful single limit in these cases.
- 3.8 These distinctions are explored further in paragraphs 3.9 to 3.18 below, with some proposals for how a salary limit could be implemented.

What should the limit be and how should it be applied?

- 3.9 **The Employers' view is that it would be reasonable to set a national overall limit on a head teacher's salary where the head teacher is deemed by the governing body to be undertaking what the governing body would define as a core head teacher's role.** The core role would be likely to be defined as including the following situations:
- Where a head teacher is responsible for the educational provision in a single school;
 - Where the school is **not** responsible for the provision of a range of extended services, including responsibilities associated with running an integrated children's centre;
 - Where the head is **not** providing any consultancy or advisory services to other schools;
 - Where the head does **not** have an additional role as an executive or associate head in relation to any other schools; and
 - Where the head is **not** engaged in system leadership, for example as a Local or National Leader of Education.
- 3.10 The examples listed above of how the core role might be defined are not intended to include all the aspects of the job which might be defined in this way; this is intended as an illustrative list. It will be for the governing body to determine how far the individual head's responsibilities lie within or exceed the core role of a head.

- 3.11 One of the key concerns of the Employers in implementing any national limit is to ensure that the limit is meaningful and makes sense in terms of the teaching profession. So, rather than using the Prime Minister's salary as a benchmark or establishing an arbitrary figure, the Employers' view is that it would make sense to base the limit on the framework already established in the School Teachers' Pay and Conditions Document (STPCD).
- 3.12 Currently the STPCD provides a salary spine for head teachers (and other members of the leadership group). The size of the school (based on pupil numbers at each key stage) establishes a range of points from which the governing body selects a 7-point individual school range (ISR) for the head teacher. There is discretion to pay a head teacher on an ISR up to two groups higher than would otherwise be applicable where the school is causing concern or in order to recruit or retain the head teacher.
- 3.13 Where the school is in group 7 or 8, the relevant body has discretion to determine an ISR for the head above the maximum of the leadership salary spine. This would imply the establishment of discretionary points to allow for payment of a head teacher within notional group 9 or 10. **Based on the size of salary steps at the top end of the published leadership spine, this would imply extending the current maximum up to around £125,000. This figure relates to the leadership spine applicable outside London. It would be necessary to establish comparable figures for Inner London, Outer London and the Fringe Area.**
- 3.14 **This seems to be a perfectly reasonable and sustainable way to determine the maximum amount of discretion that should be available to governing bodies in establishing the ISR for a head teacher undertaking the core role as outlined in paragraphs 3.9 and 3.10.**
- 3.15 Since the discretion set out in the STPCD for paying in excess of the normal group refers to recruitment and retention factors, the Employers' view would be that there should be no further discretion to award additional recruitment and retention payments and benefits (paragraph 50 of the STPCD) to head teachers undertaking the core head teacher role.

- 3.16 **However, it is clear that a number of head teachers have roles and responsibilities over and above the core role described in paragraphs 3.9 and 3.10 above.** These expanded roles include:
- Taking on responsibility for one or more additional schools, on a temporary or permanent basis, often in the context of a formal federation;
 - Providing a range of extended services in their school for the wider community, including for example responsibilities relating to the running of a children's centre;
 - Acting as an executive head over a number of schools;
 - Providing advice and support to other schools, for example as an associate head; and
 - Acting as Local Leaders of Education and National Leaders of Education.
- 3.17 Following the publication of the Government's Schools White Paper, *The Importance of Teaching*, on 24 November 2010 it is clear that the intention is that in future more and more head teachers will have responsibility for leading educational development in their area.
- 3.18 **The Employers' view is that these expanded roles go beyond what could be reasonably considered to be the core role of a head teacher and that, in these circumstances, it would be impossible to establish a reasonable limit on the discretion that governing bodies should be given in determining appropriate salary levels.**

Transparency and accountability

- 3.19 The Schools White Paper says that parents, governors and the public will have access to much more information about every school and how it performs.
- 3.20 This should mean that the performance of head teachers in improving educational standards in schools will be more identifiable. The wider community will be able to judge how effective an individual head teacher is in responding to the challenges that he or she is facing. Ultimately, of course, individual governing bodies will be responsible for ensuring that a head teacher maintains and improves their performance. In this connection, it is noted that the White Paper says that governing body accountabilities and responsibilities will be clarified and chairs of governors will be offered high-quality training. Business people and professionals will be encouraged to become school governors and the forthcoming Education Bill will allow for the establishment of smaller governing bodies with appointments primarily focused on skills.

The role of local authorities and other HR providers

- 3.21 Local authorities and other HR providers will continue to advise governing bodies on appropriate strategies for determining the deployment of the workforce in schools, including how to apply national frameworks relating to pay and conditions of employment. Maintained schools – whether they are community, voluntary aided or foundation schools – value the advice offered by professional HR advisers, particularly in a fast changing environment where schools are developing new ways of working and are taking on more responsibility for the provision of education services in their locality.
- 3.22 Where governing bodies seek advice from local authorities and other HR providers, they will be given guidance about what issues need to be considered in establishing an appropriate salary level for a head teacher undertaking what might be a considerable range of responsibilities. This advice will be invaluable in the absence of a nationally prescribed overall salary limit and should help to allay fears about the development of bad practice in the system.

Implications of the establishment of academies and free schools

- 3.23 One concern, in considering the establishment of a limit on the amount of discretion available to governing bodies in setting salary levels for head teachers in maintained schools, is that this would potentially put them at a disadvantage compared to academies and free schools which are unlikely to be subject to the same constraints. The Employers would be concerned if this difference in approach resulted in the “best” head teachers being lost from the maintained sector, with the resulting establishment of a two-tier education system.