

National Employers' Organisation for School Teachers
**Response to the consultation on the School Teachers' Review Body's 28th Report
and the draft 2018 School Teachers' Pay and Conditions Document**
3 September 2018

Introduction

1. The National Employers' Organisation for School Teachers (NEOST) welcomes the opportunity to respond to the consultation on the School Teachers' Review Body's (STRB) 28th Report and the draft 2018 School Teachers' Pay and Conditions Document (STPCD). We trust our comments will be given serious consideration alongside those of the other statutory consultees to the STRB and that suggested responses and changes required will be made prior to publication of the STPCD.

Executive Summary

2. Our headline responses to the consultation are as follows, that:
 - NEOST is disappointed that the STRB recommendations have not been agreed in full;
 - NEOST is urgently consulted about the funding formula/mechanism ahead of any announcements relating to the final pay award;
 - urgent clarity is provided on the source of the necessary funding for the award and reassurances given that no existing or planned Department for Education (DfE) school funding or support programmes will be adversely impacted;
 - immediate assurances are given that the funding will include Centrally Employed Teachers;
 - urgent details be supplied of how SEND provision and Pupil Referral Units will be adequately funded;
 - confirmation be given of the intention and mechanism to provide ongoing funding of the pay increases related to September 2018, post March 2020;
 - an effective consultation process is returned to next year, where consultations on the STRB Report and the revised STPCD are not run concurrently and statutory consultees have sufficient time to engage with their stakeholders. In other words a consultation process that respects the needs of employers to budget and plan workforce development activity in a timely and effective way; and
 - clarity be provided over the role of the STRB going forward.

Background

3. NEOST is the employer representative body. It draws its members from the Local Government Association, the Welsh Local Government Association, the National Society (Church of England and Church in Wales) for the promotion of Education, the Catholic Education Service and the Freedom and Autonomy for Schools National Association. The role of NEOST includes acting as the single statutory employer representative body when submitting evidence to the STRB.
4. As the role of the local authority in relation to school employment matters is often misunderstood, it seems appropriate at this stage to provide some context to this evidence. School pay decisions are delegated to individual schools in regulations under the Education Act 2002. Nevertheless, local authorities are the employers of teachers in community and voluntary controlled schools. This affords them certain advisory rights in relation to school employment decisions and creates liabilities under general employment law. Councils retain some employment rights and responsibilities for all of their maintained schools, including Voluntary Aided and Foundation. For example, under the Teachers' Pensions Scheme and generally the Local Government Pension Scheme, the local authority is deemed the employer in all maintained schools.
5. There are 451,900 full time equivalent teachers in England¹ and 23,871 in Wales².

Proposed Pay Award

6. We are pleased that the NEOST's call in its written STRB evidence provided in January 2018 for an above 1% pay award has been agreed, as it is necessary to assist in improving recruitment and retention of teachers including those in leadership posts. NEOST also made it clear that the increase needed to be across the board and fully funded. Schools and local authorities without exception told us an additional increase over 1% would need to be fully funded by Central Government, with new money. Otherwise it will be extremely challenging for schools to manage, and do little to increase the immediate supply of a high-quality and experienced teacher talent pool. It would be highly likely to result in further jobs being lost in order to balance the budget. Recent years have suggested that those jobs would mostly be support staff roles, which in itself negatively impacts the workload of teachers. However, the funding situation is now impacting directly on teachers and increased class sizes affecting workload. Further redundancies in teaching roles tend to affect subjects with lower take up therefore reducing the breadth of the curriculum and thus pupil choices.
7. NEOST is very concerned that the Secretary of State (SoS) has for the first time not accepted the STRB key pay recommendations in full. This is likely to have a negative impact on morale in terms of perceived fairness as well as on recruitment and retention of some teachers, including those in leadership roles. It is likely to create industrial relations issues for many schools across the country. This negative environment would take up valuable leadership time within schools in terms of managing the consequences of decisions that will impact on them directly and time that would otherwise be focused on supporting their pupils to reach their full potential. Given the unprecedented nature of this year's response to the STRB's recommendations, NEOST seeks clarity over the role of the STRB going forward.

¹ School Workforce Census (2017)

² School census results 2018

8. Prior to the DfE announcements on the 24th July there had been no public DfE indication of the level or differentiation of the award and level of the funding required to support the implementation of the 2018 pay award. Therefore no school, local authority or devolved government could have reasonably prepared for this outcome in budgeting terms.

Scope

9. The STRB report (paragraph 1.19) explains that the STPCD applies “to teachers and school leaders in local authority maintained schools in England and Wales”. However, it goes on to explain that “many academies follow the provisions of the STPCD or base their pay policies on this”. In the Written Statement made by the SoS on 24th Jul 2018, it states that “the grant will provide additional support to all maintained schools and academies”. The only reference to formal academy engagement is in Appendix C to the STRB report where it says “in October 2017, we heard from Jon Coles, the CEO of United Learning, about the pay and conditions of teachers in multi-academy trusts...”. For this reason, NEOST has engaged informally with academies throughout the consultation process (via [Employer Link](#) which facilitates a national MAT Heads of HR network). Many of the issues set out in our response below similarly apply to all employers in the education sector.
10. All budget holders responsible for those covered by the document should be able to implement the changes to the STPCD. Therefore the DfE promised “fully funded pay increase for classroom teachers and those in leadership positions” has to include Centrally Employed Teachers. We estimate the additional cost of the increase for Centrally Employed Teachers will be in the region of £5 million. SEND provision is anticipated to be a bigger cost burden.
11. The scope of NEOST, like the STRB remit and the STPCD, covers Wales and Welsh schools. Therefore, NEOST raises these issues and interests around funding, application and implications equally for Wales as it does for England. The Welsh Government estimates the full cost of implementation for the academic year 2018/19 as £27.4 million.

Consultation Process, Timing and Detail

12. This year the STRB report and draft STPCD consultation report were published jointly on the 24th July 2018, when the vast majority of schools had closed. We understand that the STRB presented its 28th Report for the Government’s consideration sometime towards the end of May. NEOST agrees with the STRB recommendations that the report should be shared much earlier, ahead of the consultation on the STPCD, and well before schools close for the summer break. NEOST seeks reassurance that next year the STPCD consultation will be designed and implemented in a way that reduces the difficulties and additional workload caused by a late timetable for schools and local authorities.
13. The current process and timescale impacts negatively on the application of the DfE guidance on the appraisal process within schools. Governing bodies have to consult representatives of recognised trade before finalising their own revised pay policy / pay structure ahead of setting appraisal objectives. This last minute approach places immense pressure on governing bodies, school leaders and other staff to agree new policies and then meet the best practice deadline of the 31 October each year.

14. The DfE consultation on the draft STPCD does not provide the detail on how the “fully funded pay rise for classroom teachers and those in leadership posts” would be calculated on a practical level. Starting the consultation process with the limited information on how the funding will work, now and into the longer term, when we would expect all schools to have entered the summer holiday period is extremely unhelpful. It is difficult for all stakeholders who include school leaders, governing bodies, local authorities, trustees and all NEOST members to be able to assess the implications and therefore provide detailed responses to the consultation on the draft STPCD without that critical information.
15. Policy makers must recognise that something as important as the detail behind the teachers’ pay award is essential for employers to budget, to plan for and utilise their flexibilities and to set effective workforce development programmes to align with organisational priorities and affordability. Local authorities and school leaders have informed us of the difficulties they experience reviewing their pay policies in a managed and timely fashion as a result of the delayed consultation and final STPCD. Also Multi-Academy Trusts generally have a single pay policy that applies across their trust (especially in the pay rates that apply on the ranges and the pay points they operate within them). Understanding of the funding mechanism is therefore imperative at an early stage for all schools, especially those trusts where they are spread over wide geographies, where differing local labour market issues could be a factor.

Recruitment and Retention

16. NEOST contends that by tapering the pay range increases, DfE has not taken into account the evidence concerning recruitment and retention throughout the school teaching hierarchy. The STRB report highlights the NEOST evidence (paragraph 2.55) “that local authorities had reported increasing difficulty in recruiting school leaders, in terms of both quality and quantity. Particular difficulties were found recruiting head and deputy head teachers in areas of high deprivation, for religious schools and for small primary schools”. Therefore the SoS’s decision to propose lower percentage increases for all but those on the Main Pay Range (MPR) appears to have been made on an analysis of cost rather than consideration of the evidence in relation to the STRB’s remit. We recognise that cost is a key factor in determining changes to the pay framework. However in the light of the strength of evidence on recruitment and retention issues regarding leadership roles we are disappointed in how the factors have been weighted.
17. Without any accompanying evidence to the STPCD consultation, there appears to be no obvious recruitment and retention rationale for awarding different rates of increase to different ranges, only a financial one. NEOST have made this observation as the common experience amongst the majority of STRB’s consultees is that there are currently significant challenges in recruiting and retaining experienced teachers into middle and senior level teaching leadership roles, with increasing issues of concern emerging. The Government responded to the STRB report in a [statement](#) to Parliament by the SoS on 24th July 2018, describing how he wants to “retain” as well as “recruit” “brilliant teachers”. The STRB report records the SoS’s agreement that “improving the retention of experienced teachers would also help to improve productivity”. Chapter 3 paragraph 3.49 of the STRB 28th report, provides the evidence that the number of Head Teacher vacancies has doubled since 2011. Paragraph 4.17 goes on to set out the need for “pay levels being sufficient to attract people in stepping up to such leadership positions and feeling fully remunerated for additional responsibility and pressures they are taking on” as well as highlighting the

“evidence of the emerging problems in the recruitment and retention of school leaders...”.

18. Local authorities have told us that applying lower pay uplifts to the Upper Pay Range (UPR) and Leadership ranges is highly likely to lead to perceptions of unfairness and decreased levels of motivation amongst the teachers impacted. It will also erode differentials between pay ranges, contributing to potentially lower retention rates than might otherwise be achieved with an across the board increase, whatever the total value. In addition it provides a disincentive towards career progression and therefore a medium-term issue with retention, and a long-term problem in leadership development.

Pay Grant Funding

19. We note that at present the details on where the additional funding for the ‘Pay Grant’ will come from and how it will be distributed are not clear, and some of the issues from a transparent consultation process are highlighted at paragraph’s 12 -15 above. However, it seems to be the case that there will be no new money from HM Treasury and the money is to be found from within the existing DfE budget. In redistributing the departmental budget to find the reported £508 million to fund the Pay Grant until March 2020, NEOST is concerned that this is likely to result in future reduced budgets requiring cuts and restricted support programmes for schools. NEOST is seeking clarity and detail about how the pay award will be fully funded, including for employers’ ‘on costs’ such as employers increased pension contributions, and urgent assurances that this will not be funded by moving money from other school budgets and reducing investment in other areas.
20. It is our current understanding that the funding will be found for a 19 month period (September 2018 – March 2020). Also that the new proposed Pay Grant will be calculated on the assumption that it excludes the cost of the 1% increase that DfE assumes schools will have anticipated under the previous public sector pay cap. Obviously pay decisions made now will create ongoing additional costs not only for this and next year but for years to come. School leaders, trustees and governing bodies need to be assured of the long-term funding position when making decisions now for current budgets, but also they need the information to inform the impact on the school’s medium to long-term financial position. NEOST seeks assurances that we will be consulted on the funding formula ahead of any announcements relating to the final pay award, and that it will be fair and transparent taking into account all employment models for teachers working in schools/academies in England and Wales. Again, we include Welsh schools in scope of these issues as the STPCD is currently not a devolved matter.
21. NEOST is seeking confirmation from DfE that pay increases for ‘Centrally Employed Teachers’ will be fully funded. The school workforce census records 3,800 Centrally Employed Teachers that need to be taken into account in any funding formula. The rising demand for SEND support and Pupil Referral Units, combined with an underestimation of the cost of implementing reforms set out in the Children and Families Act 2014, changes to schools and high needs funding, have had a significant financial impact on councils. We are concerned that unless additional funding is found, councils will be unable to meet their statutory duties to support children with SEND. The additional costs must also be fully funded in order to meet the Government’s stated intention of fully funding pay awards for “class room teachers...”.

School budgeting and financial planning

22. As described above, the delay in the consultation process generally and the announcement of the STPCD in particular is difficult for all schools. For example academies had to submit their three-year Budget Forecast Returns on 30th July 2018. Funding as already noted is only agreed until 31st March 2020, which is only part way through this three-year forecast. Delays here, as with other types of schools, means that proactive pay policy development is limited and becomes reactionary, restricting the opportunity for innovation, especially without assurances around the long term funding of the award.
23. School funding issues will also be affected by the outcome of the forthcoming teachers' pension scheme valuation. We expect some form of announcement on employer contribution rates during early autumn and we will be seeking assurances that any additional burden as a consequence of employer contribution rate changes will be included in any funding formula.
24. Whilst NEOST acknowledges that technically schools have discretion to pay more to UPR teachers and teachers in leadership posts as long as they stay within the range, schools have increasingly informed us that these decision are restricted due to the severe pressure on the vast majority of school budgets. Therefore they would struggle to be able to use the full range of their discretions even where there is a strong rationale to do so.

STPCD

25. If the proposed increases are agreed it will result in the minimum starting salary of the Leading Practitioner pay range being above the minimum of Leadership range. This has never occurred before. It is therefore possible that a teacher on the starting range as a Leading Practitioner would be on a higher salary than a teacher starting as a Deputy or Assistant Head Teacher range. Therefore the pay ranges act as a potential deterrent to teachers aspiring to become school leaders at a time of increasing issues in attracting teachers into headship roles.
26. In response to the consultation, some schools highlighted the increasing level of unwanted bureaucracy and complexity for them and their payroll providers in implementing recent pay awards as a consequence of moving away from national pay spines, differentiated awards and additional flexibilities.

STRB Report Executive Summary - Looking ahead

27. In looking ahead, the STRB signalled its thinking around the next phase of potential reform to the national pay framework as possibly requiring "targeted pay awards, and further uniform uplifts to pay and allowance ranges may not be appropriate in the future". NEOST would highlight the evidence recorded within the STRB 28th report at paragraph 2.91 that "with the exception of the UK Government, all consultees were opposed to the principle that schools should have the ability to decide how uplifts to the national framework would apply to the pay of individual teachers. Most stated that a "cost-of-living" award was required, which would be applied to all teachers' salaries and allowances in payment, separate to any pay progression decisions." NEOST believes strongly that the STRB should not seek to differentiate the award in 2019 by applying different percentage uplifts within the same pay ranges nor across them.

NEOST sees little scope for using differentiated pay as a tool to address recruitment and retention difficulties whilst budget pressures appear to be increasing above the rate of any additional funding. The ability for schools to differentiate awards since 2015 has caused confusion, employee relations issues, and is deemed divisive by the vast majority of employers.

STRB Report Chapter 5 Further Observations

28. The STRB highlighted the DfE non-statutory guidance it publishes annually on school teachers' pay and conditions, the document titled 'Implementing Your School's Approach to Pay: Advice for maintained schools and local authorities'. The STRB recommended that the DfE should take further action to make sure that all local authority maintained schools are aware of that guidance document. NEOST members are already very familiar with this annual publication and have previously raised awareness of this guidance to schools and stakeholders as appropriate. However, NEOST would ask the DfE work in partnership to strengthen the existing communication to ensure that all schools and relevant stakeholders e.g. Head Teachers, governing bodies, local authorities and schools HR providers are aware of this useful guidance for this and future years. Some of our consultees have argued that the best way of doing this would be to incorporate this document into the statutory guidance contained in the STPCD, albeit while keeping its non-statutory status. However other NEOST stakeholders indicated they would not wish to see further guidance and felt a mixture of statutory and non-statutory guidance would cause confusion. In this context we would suggest that DfE give consideration to making a more detailed examination, of the pros and cons of this option, part of the next remit for the STRB.