

Draft agreement

REWARDS AND INCENTIVES FOR POST-THRESHOLD TEACHERS AND MEMBERS OF THE SCHOOL LEADERSHIP GROUP

Introduction

1. The School Teachers Review Body (STRB) report of 10 November 2003 set out a long-term vision for schools in which:
 - *governors, heads and teachers are comfortable with the concept of rewards related to performance;*
 - *schools are able to make decisions without detailed rules and guidance;*
 - *high-quality performance management and professional development are available to all teachers to help them improve standards;*
 - *schools have the confidence and capability to assess performance and reward staff;*
 - *performance and reward systems are managed effectively, transparently and fairly.*

It commented that there was a long way to go to realise that vision; and that consultations should take place urgently between the pay parties on a transitional framework, to be completed by 5 January 2004 in order that, for eligible teachers, progression to Upper Pay Scale (UPS) 3 will still be achievable with effect from September 2004.

2. The parties to this agreement support both the STRB's long-term vision and the importance of securing workable transitional arrangements. We believe that it is essential for schools to have a clear framework for rewarding our ablest and most experienced teachers and this agreement seeks to provide it. It will enhance harmony in schools and provides a constructive solution to a long standing issue.
3. The agreement also builds successfully on the close working which led in January 2003 to a lasting and far-reaching National Agreement on Workforce Reform. The parties maintain their commitment to the guiding principles of that agreement.
4. This agreement has a number of elements as reflected below. All these elements stand or fall together as an integrated package. Part and parcel of discussions where all parties are seeking consensus is that it is necessary to recognise when the benefits outweigh any disadvantages.

Rewarding our good and excellent teachers

5. A key concern for this agreement has been the need to agree a realistic affordability framework for rewards related to performance. We have agreed an outcome which spans not only UPS3 but also other payments to our best classroom teachers; and also pay rewards

related to performance for members of the school leadership group. This agreement ensures that the potential annual spend of £700 million on UPS costs is reduced to a more manageable £400 million per annum in the steady state¹. This was critical because all parties share an understanding of the affordability framework within which we needed to work.

6. The agreement affirms 2 important principles:
 - the first is that good classroom teachers should be able to aspire to a salary which reflects their important achievements in raising standards. Consequently, we see UPS 3 as the salary to which all good classroom teachers can aspire²; and
 - the second is that the highest rewards for classroom teachers should be awarded for excellence. Consequently, we propose that a new scheme for excellent teachers should be introduced. On the basis of existing assumptions this will take effect from September 2006³.
7. As a consequence of these two decisions, we agree that UPS4 and UPS5 should be deleted from the upper pay scale and that excellent classroom teachers who have achieved UPS3 can have access to a new excellent teachers scheme.
8. The excellent teachers scheme would be likely to benefit some 20% of those reaching UPS3. We agree that it will require high standards to be set, drawing where appropriate on the Advanced Skills Teacher standards. The details of this scheme have yet to be finalised but we see it being about rewarding excellent teachers for their work in the classroom and supporting colleagues within the same school.

The application of criteria

9. We recognise that schools and teachers are currently working under a set of published UPS criteria, that these should not be changed for UPS3 progression and that UPS3 should not be subject to a quota.
10. We acknowledge that the STRB has said, '... that we expect teachers to progress at different speeds on the upper pay scale and that their progression should be linked to performance. It is clear from the experience of U2 that our expectations of the system are not being met, partly because of widespread unease about linking pay and performance management and partly because many schools have found it difficult to make rigorous judgements about their teachers'

¹ England Figures

² In September 2004, UPS3 will be worth £31,602 in most parts of England and Wales , ranging up to £37,692 in inner London.

³ Under this new excellent teacher scheme, the salary of a relevant teacher would become from September 2006 over £35,000 in most parts of England and Wales, ranging up to more than £41,000 in inner London.

readiness to progress.’ We acknowledge that UPS progression was never envisaged as automatic.

11. Annex A of this agreement offers an agreed memorandum on the application of UPS criteria in general, and UPS3 in particular. Similarly, the parties have looked again at the application of the criteria for school leadership pay progression. Annex B of this agreement therefore offers an agreed memorandum in this area.

Validation of Performance Management Systems

12. We are agreed that there is a need to ensure consistency of performance management systems⁴ and to ensure that they are fully embedded in all schools. To secure these objectives we think that, for as long as is necessary to deliver the vision in the STRB’s report, there should be a light touch external validation system to endorse the operation of a school’s overall performance management system, including how pay decisions are linked to performance.

External assessment for Excellent Teacher Scheme

13. Additionally, in relation to the excellent teachers scheme, we think independently appointed external assessors should sit with those making decisions about who will benefit from the scheme. This takes account of the STRB view that heads, governing bodies and teachers would find reassurance for a transitional period in the appropriate operation of these external assessment arrangements.

Management allowances

14. The STRB has flagged management allowances as a particular area for investigation. We are agreed that we must help ensure that management allowances are given for reasons concerned with how a school improves its teaching and learning, and are not given for reasons of recruitment and retention, or as disguised performance awards – there are separate, flexible, arrangements for Recruitment & Retention and performance rewards. We are agreed that schools should focus the precious resource of qualified teachers on issues concerned with teaching and learning, and not on activities more appropriately undertaken by support staff at the school.
15. Consequently, we have resolved on two courses of action. The first is to make some assumptions straight away about reforms of management allowances over the next two years. These reforms are a natural consequence of the remodelling agenda, where the range of tasks for which a school might award a management allowance should reduce as these tasks will no longer be undertaken by classroom

⁴ All references in this document to Performance Management must be read in the context that, in Wales, the Welsh Assembly Government has devolved responsibility for Performance Management.

teachers. The second is to use our continuing work as a group to investigate issues and drive change more fully over a longer period.

16. We expect this to lead to a degree of reform and restructuring, with consequent downward pressure on the £900 million⁵ spent on management allowances. However, we recognise that most such allowances are a necessary and legitimate element of many teachers' pay and that the new management allowance framework will need to reflect this. Similarly the group will also be looking at the effects of the remodelling agenda on responsibilities within the leadership group.

Resources

17. The parties are clear that resources⁶ for schools to implement the reforms described in this agreement must be properly identified. A breakdown of the grants available from the DfES and the assumptions about the contribution to be made from savings in allowances is at Annex C.
18. The parties consider that the funding for UPS3 progression can only be managed through a combination of (i) extra DfES grant and (ii) savings made in allowances. Annex C shows DfES grant increasing to £47m next year and £85m in 2005-06. We all accept that schools will need to contribute some or all of the savings resulting from the non-uprating of management allowance levels in 2004-05: these savings will be £24m per annum beginning April 2004; and that they may need to make further savings from reform and restructuring the allocation of allowances.
19. We recognise that the ability to make savings varies considerably between primary and secondary schools, as £700m of the £900m total on management allowances is spent by secondary schools. We have therefore agreed to weight the grant more towards primary schools, as explained in Annex C.
20. In our view this is the right funding settlement for UPS3 and should not be reopened. We consider that the funding settlement for UPS3 is affordable within the framework for school funding for 2004-05. We note the Department's undertakings that the funding settlement for 2005-06 will be no less favourable for schools.
21. Moreover, there can be no doubt about the strong link between the substance of this agreement and the remodelling agreement (Raising Standards and Tackling Workload: A National Agreement), which we all continue to support. We note the DfES position that its investment in schools in England, as expressed in annex C, is contingent on the public support of all parties for both agreements.

⁵ England only figure

⁶ All references to resources in paragraphs 17-21 to this draft agreement should be read as references to resources in England only

Future work of the group

22. This agreement affirms strong and continuing links between performance management in schools and pay decisions; and between performance management, school improvement and teachers' professional development. The signatories to the agreement intend to meet on a regular basis through 2004 and beyond to
- monitor the implementation of this agreement;
 - work at new ways of ensuring appropriate rigour in performance management and over related pay decisions;
 - consider the scope for agreeing further changes to the pay structure and the role and extent of other allowances and responsibility posts; and
 - help schools use the pay and performance management systems, and school workforce remodelling, to support their core work of improving pupil standards of achievement.

Agreed Memorandum

Application of Upper Pay Scale Progression Criteria – Clarification

UPS3 teachers play a critical role in the life of the school. They provide a role model for teaching and learning, make a distinctive contribution to the raising of pupil standards and contribute effectively to the work of the wider team. They take advantage of appropriate opportunities for professional development and use the outcomes effectively to improve pupils' learning.

To achieve progression, the School Teachers Pay and Conditions Document (STPCD) requires that the achievements of post-threshold teachers and their contribution to school(s) should have been substantial and sustained. To be fair and transparent, judgements must be properly rooted in evidence and there must have been a successful review of overall performance.

Progression on UPS should be based on two successful consecutive performance management reviews, other than under the exceptional circumstances as set out in STPCD.

A successful performance review as prescribed by the appraisal regulations involves a performance management process of

- performance objectives
- classroom observation
- other evidence

To ensure that the achievements and contribution have been substantial and sustained, that performance review will need to assess that the teacher has:

- continued to meet threshold standards; and
- grown professionally by developing their teaching expertise post threshold

Agreed Memorandum

Application of Leadership Group Pay Progression Criteria – Clarification

Those on the leadership spine play a critical role in the life of the school. They inspire confidence in those around them and work with others to create a shared strategic vision which motivates pupils and staff. They take the lead in enhancing standards of teaching and learning and value enthusiasm and innovation in others. They have the confidence and ability to make management and organisational decisions and ensure equity, access and entitlement to learning.

To achieve progression, the School Teachers Pay and Conditions Document (STPCD) requires individuals on the leadership spine to have demonstrated sustained high quality performance. To be fair and transparent, judgements must be properly rooted in evidence and there must have been a successful review of overall performance.

A successful performance review, as prescribed by the appraisal regulations, will involve a performance management process of:

- performance objectives;
- classroom observation (where relevant);
- other evidence.

To ensure that there has been high quality performance, the performance review will need to assess that the teacher has grown professionally by developing their leadership and (where relevant) teaching experience.

RESOURCES FOR UPS 3 AND THE SCHOOL LEADERSHIP GROUP

A. UPS3

The tables in this annex show our assumptions about the money available to schools in England, either through direct grant from the DfES or through savings that can be made by schools on allowances.

In terms of the grant, we shall wish to work with LEAs so that the distribution of funds takes account of (i) the distribution of relevant post-threshold teachers around the school system; and (ii) the fact that most spending on allowances occurs in secondary schools and that the expectation of savings should therefore be greater in secondary than primary schools.

In terms of the feasibility of a school being able to make savings, we have assumed that the great majority of the savings in 2004-05 will come from the non-uprating of management allowances, rather than through downward pressure on the number and cost of allowances in a school.

Table 1

Contributory funding	2004-05 £ million	2005-06£ million
DfES grant	48	87
Freezing management allowances <i>(DfES decision to give no inflation uprating in 04-05)</i>	24	24
Reducing numbers of allowances <i>(reductions achieved by schools from a £900 million budget)</i>	5	25
Total	77	136

Table 2

Split of DfES grant	2004-05 £ million	2005-06 £ million
Secondary schools	20.22	37.45
Primary and other schools	27.78	49.55
Total	48	87

Table 3

Assumed split of savings in allowances	2004-05 £ million	2005-06 £ million
Secondary schools	22.55	38.11
Primary and other schools	6.44	10.89
Total	29	49

B. SCHOOL LEADERSHIP GROUP

60% DfES grant contribution to new and continuing points

Cost to DfES of 60% getting a new point in Sept 04 = £12 million in 2004-05 and £22 million in 2005-06