

**TEACHERS'
PAY & CONDITIONS OF SERVICE INQUIRY**

Interim Report
Principal and Vice-Principal Pay
November 2002

Chairman: Mr Sean Curran CBE

Teachers' Pay and Conditions of Service Inquiry

Interim Report Principal and Vice Principal Pay

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Executive Summary

The Independent Inquiry into Teachers' Pay and Conditions, established by the former Minister for Education Martin McGuinness in June 2002, was asked to produce an interim report on the issues arising from the implementation of the 2000 pay award for teachers. Classroom teachers at the top of their main pay scale were given the opportunity, subject to meeting certain criteria, to move onto a new upper pay scale. Some 13,600 teachers were successful in doing so and received a pay rise of £2,001.

School principals and vice principals, who had their own scales, did not benefit from this arrangement and their representatives on the Northern Ireland Teacher Negotiating Committee argued that they should have a similar payment. The Department of Education and the employers would not agree to such a payment and eventually the matter was referred to the Inquiry team.

In considering this issue the Inquiry Team was influenced by a number of factors:

- Since this would be an interim report it should not pre-empt decisions which are required to be considered for the main report.
- At present teachers' pay in Northern Ireland is based on parity with England and Wales and we did not wish to consider scenarios contrary to the parity principle.
- The Public Accounts Committee (PAC) had, in its report of November 2000 "Pay Flexibilities for School Principals and Vice Principals", examined the operation of the payment system and made a number of recommendations. As a result certain assurances were given to the PAC by the then Permanent Secretary of the Department and these had to be taken into account.
- Since the Teacher Negotiating Committee has the primary role for dealing with salaries of teachers we felt that we should do no more than was necessary to solve the present problem and get the existing machinery operational again.
- We also wished to recognise the role of the Relevant Bodies (Governors of schools in most cases) in the setting of salaries for the leadership group and thus our recommendations are for the most part for them to implement.
- We were concerned about information systems and reliable data about the salary position of the leadership group.

After our initial discussions with the main parties we asked the Department of Education to provide us with data about the salary position of the leadership group, the operation of performance pay and the financial position of schools. The data contained in the Appendices

to this report, unless where otherwise stated, has been provided by the statistics branch of the Department of Education and the Department accepts responsibility for it.

With technical assistance from the Statistics branch of the Department of Education we carried out a sample survey of schools ourselves, with the help of the employers, for the purposes of modelling the various proposals under consideration. This survey information was sufficiently accurate for general modelling purposes but we did not feel that, without substantial checking, it was accurate enough to be included in this report.

In considering this issue we were conscious of the very important and fundamental role of principals and vice principals in the effective operation of schools. There is a need to recognise this role through the salaries paid. Equally threshold payments were made to teachers to recognise their professional competence and commitment and we did not feel that increased pay for teachers should automatically be followed for principals and vice principals. If the difference between the two groups closed there are implications particularly at the vice principal level for adequate reward for the additional responsibilities and differences in conditions of service. Also there have to be differences in salaries so that increased numbers will be attracted to seek promotion into the leadership group.

The information provided for us by the Department of Education showed that:

- there was much wider use of performance pay particularly for principals than was originally thought and the level is coming close to that in England and Wales;
- the difference between vice principals and highest paid teachers had narrowed since the introduction of threshold pay;
- the difference between vice principals and principals in most cases had widened after the introduction of threshold pay for classroom teachers;
- there was little evidence to show that lack of affordability had influenced the decision to award performance pay.

Taking these matters and others referred to in the report into account we recommend that:

- (a) (i) ISRs on a five point range be set for vice principals by Governors with effect from 1st September 2000. Governors will need to take into account the roles and responsibilities of the vice-principal and ensure that there is an appropriate difference between the vice-principal's salary and that of the highest paid teacher.
- (ii) Governors base their decisions on the ISRs for salary positioning of vice principals outlined in Appendix 9. These are consistent with the guidance of the Schoolteachers' Pay Review Body for England and Wales.
- (iii) Where a vice principal's salary on 1st September 2000 was below the bottom point on

the new ISR that vice principal should move to the new bottom point with effect from that date.

(iv) Where a performance point was awarded and effective from 1st September 2000 and/or 1st September 2001 the vice principal's initial placement on the new ISR should be adjusted upwards by the point awarded in the respective years. Note should be taken of the guidance issued by the Department in Circular 1999/22 on the award of performance points.

(b) (i) From 1st September 2000 a new 7 point ISR should be set for principals and that Governors should use the ISRs contained in Appendix 9.

(ii) A principal's initial placement on the new ISR should be at the point he or she would have been assimilated to from the previous 34 point scale. However:

(iii) where after assimilation a principal's salary on 1st September 2000 was below the bottom point on the new ISR that principal should move to the new bottom point with effect from that date;

(iv) where a performance point was awarded and effective from 1st September 2000 and/or 1st September 2001 that principal's initial placement on the new ISR should be adjusted upwards by the point awarded in the respective years. (Paragraph 37)

(c) The Governors (Relevant Body) of all schools should, in carrying out their annual salary review of teacher salaries, set agreed performance criteria for principals and vice principals for the school year ahead and that when performance is assessed principals and vice principals are informed of the outcome and the reasons for any decisions taken as a result. (Paragraph 38)

(d) The Department of Education and the employers make arrangements as soon as possible, to collect on an annual basis employment information on teachers and salaries in a manner similar to that operated by the Schoolteacher Review Body in England and Wales. (Paragraph 41)

(e) The Department of Education takes action with the employers and funding bodies to review funding flows in the past two years and in the current year, so as to ensure satisfactory financial allocations to schools for our proposals for principals and vice-principals. (Paragraph 39)

We would like to thank all who have assisted us during this part of the Inquiry. These include representatives of the employers' organisations, representatives of the trade unions, staff in the Department of Education's Statistics Branch and other Departmental officials, staff in the Education and Library Boards and others who assisted with our fact finding survey, and staff in the School Teachers' Review Body.

Teachers' Pay and Conditions Inquiry

Principal and Vice-Principal Pay

Introduction

1 In May 2001 the Northern Ireland Teachers' Council (NITC) formally presented a claim to the Teachers' Negotiating Committee (TNC) for the establishment of an independent inquiry into the salaries and conditions of service of teachers and principals and vice-principals in schools. In April 2002 agreement was reached at the TNC on the setting up of an Inquiry and its terms of reference. Because there was an ongoing dispute about the salaries of principals and vice-principals the terms of reference were extended to include this matter and the Inquiry was asked to submit urgently an interim report.

2 The former Minister for Education, Martin McGuinness, agreed to a request from the TNC to establish an Inquiry and invited Sean Curran CBE to act as chairman. The other members of the Inquiry are Plunkett Campbell, Harry Goodman OBE, Margaret-Ann Dinsmore QC and Betty McClurg OBE with Frank Horisk acting as Secretary. The Minister announced the appointment of the Inquiry Team on 27th June 2002.

3 The full Terms of Reference are set out in Appendix 1. Paragraph 2 of the Terms of Reference required that the Inquiry Team:

“Examine specifically the impact of the implementation of the Pay Award 2000 on the salaries of principals and vice-principals and bring forward proposals as a matter of urgency and through an interim report.”

4 This report deals solely with recommendations relating to the pay of principals and vice-principals following the year 2000 pay award. The full report will address the other issues referred to the Inquiry and will also revisit the implementation of these recommendations.

Northern Ireland Teachers' Negotiating Committee dispute over principal and vice-principal pay

5 In England and Wales the School Teachers' Review Body (STRB) proposed in its ninth report published in February 2000 that above the normal pay spine of 9 points:

- (a) there should be a new upper pay range of five points; and
- (b) teachers at the top of the pay spine who apply to cross the threshold to the new

upper pay range and are assessed as meeting national performance targets being developed by the Government should be placed on the first point of that range.

(c) Further progression on the upper pay range should be at the discretion of the relevant body (normally the school governing body) to recognise substantial and sustained performance and contribution to the school as a teacher. Points should not be awarded annually other than in exceptional circumstances, and normally at least two years should elapse between a teacher crossing the threshold and being awarded the next point above the initial point.

The new scale was introduced with effect from September 2000. The additional value of the first point on the scale was £2,001.

Principals and vice-principals of schools were not entitled to receive this increase since they were paid on a separate leadership pay spine.

6 Following prolonged negotiations at the Northern Ireland Teachers' Negotiating Committee these payments to classroom teachers were also introduced in Northern Ireland and backdated to September 2000. Some 13,600 teachers were successful in meeting the agreed standards set and received "threshold payments".

7 At the same time discussions were being held which would have enabled principals to receive increases in salary either through a review of the school's individual salary range (ISR) or by moving up the school's ISR by one salary point in a given year as a result of meeting performance criteria which had been previously set by the Board of Governors. Vice-principals' salary scales were also to be reviewed. Governors were to set a five point range on the leadership scale with the minimum point being not less than the salary of the highest paid teacher in the school. The ISR of the principal might consequently need adjustment to ensure that there was a gap between the top of the vice-principal's range and the bottom of the principal's range.

The negotiations were unsuccessful and one of the results was that there was no procedure agreed for introducing an ISR for vice-principals or for awarding performance points on the leadership scale. This resulted in a narrowing of differentials between the pay of the highest paid classroom teacher and those of vice-principals and principals. (See Appendices 2 and 3) Various proposals were further considered but no agreement could be reached.

Public accountability

8 One of the factors which impacted on the negotiations was a Northern Ireland Audit Office report published in November 2000 entitled "Pay Flexibilities for School Principals and Vice-Principals". The report examined the operation of the scheme for pay flexibility for

principals and vice-principals which had been introduced in 1993. Based on a limited sample size, it concentrated on issues of delegated authority and exercise of responsibility. The Audit Report was critical of the failure of some Boards of Governors to follow guidance on how the scheme should be operated and which in turn resulted in pay awards in excess of norms set by the employing authorities. This report was considered at a meeting of the Public Accounts Committee (PAC) held in May 2001.

The Committee concluded that “As the Department of Education is responsible and accountable for educational expenditure, the Accounting Officer needs to ensure that, in future, there is effective implementation of procedures to determine whether such awards are legitimate and properly approved prior to payment.”

To meet the concerns of the PAC a letter was issued to employing authorities by the then Permanent Secretary of the Department of Education setting out new procedures and reporting arrangements including:

- a reminder that only one performance point could be awarded at any annual review of the salaries of principals or vice-principals;
- the continued use of form TR 268/P by Governors and the automatic copying of this form to employing authorities;
- following consultation with the employers the introduction of a revised form which would have specific references to the need for an up to date school salary policy, the need to set performance objectives and the need for Governors to satisfy themselves about the affordability of the proposed use of pay flexibility;
- additional training for Boards of Governors on the issue;
- the introduction of new arrangements whereby external advisers would be appointed by employing authorities to assist Boards of Governors;
- new monitoring arrangements to be carried out by the relevant authorities' internal audit unit.

School Governors, the Leadership Group and Affordability

9 In anticipation of the successful finalisation of the 2000 negotiations at TNC the Employing Authorities released a letter to the Chairs of Governors and principals of all schools in February 2001 outlining the nature of the anticipated agreement. The letter gave details of the funding arrangements to meet the cost of the proposed settlement. The relevant section of the letter was as follows:

“Details of the transitional financial support for the new pay arrangements are set out below: The full costs of the threshold uplift of £2,001, plus employers’ on costs, for each teacher who crosses the threshold:

A grant of £900 in respect of each serving vice-principal who assimilates to the new leadership group pay spine from 1st September 2000, and £540 in the 2001/02 school year (pro rata to the end of the 2001/02 financial year); 60% of the cost of a point awarded to a principal and to a vice-principal from 1st September 2000 under the existing performance management arrangements and 30% of the cost of the same points in 2001/02 school year (pro rata to the end of the 2001/02 financial year); and 60% of the cost of a point awarded to a principal and a vice-principal from 1st September 2001 under the existing performance management arrangements (pro rata to the end of the 2001/02 financial year).”

10 It should be noted that for classroom teachers the first step of threshold payments was to be centrally funded in full. Performance pay for the Leadership group (principals and vice-principals) was only partially funded in the first and to a lesser extent in the second year. Leadership pay movements were therefore subject to affordability constraints within the overall school budget. No mention was made of funding to cover the increased cost base of the school in the longer term. The Department of Education made additional financial allocations to Education and Library Boards in the two following years to meet the envisaged additional costs.

Establishment of the Inquiry

11 As soon as the Inquiry Team was in place it embarked on an immediate series of exploratory meetings with the main interests. The employer and trade union interests represented on the Teachers’ Negotiating Committee were met initially. Meetings were also held with the Director of Staff Development and Performance Review (SDPR) as well as with the Manager of the Threshold Implementation team. A meeting was also held with officials from the Department of Education. The employer and trade union interests were asked to submit written evidence on a range of questions relating to the dispute and were asked specifically to put forward proposals on how the difficulties could be overcome. These submissions were received in the period 30th July to 27th September 2002.

12 During the initial discussions it became apparent that, while there was widespread agreement that the salary differentials between principals and vice-principals had been affected by the introduction of threshold payments for classroom teachers, there was no definitive evidence as to the exact situation. In addition there was no firm evidence about the operation of the performance review arrangements for the leadership group. It was also

suggested that schools were not operating performance reviews because of their financial positions.

13 The Inquiry Team was convinced that its report should be based on established facts and thus requested the Department of Education to put in place a research project to establish as far as possible, in the time available, the precise position on these and related issues (ref paragraph 17 to 24). This was done and the Inquiry would like to place on record its appreciation to the staff involved. The significant findings of the research project are to be found in the Appendices to this report.

Because of the need to carry out the research this report is being issued a few weeks later than initially envisaged and the Inquiry Chairman has written to all schools in Northern Ireland on two occasions informing them of what was being done and when a report could be expected.

The dispute reviewed

14 While the 2000 pay negotiating process was not completed, parts of the management side proposals were allowed to be implemented. For example teachers, vice principals and principals received the normal annual salary increases and the procedures for the first stage of the threshold arrangements were put in place and implemented.

The proposed arrangements for vice-principals were not introduced and since payments were made to classroom teachers differentials were eroded.

Many principals and vice-principals felt that they should automatically receive an increase to reflect the fact that their staff had received increases through threshold pay. For various reasons the majority of schools did not operate the performance pay arrangements for principals or vice principals.

We have been informed that many principals and vice-principals felt that they had not been treated fairly.

15 The Employers put forward various solutions in attempts to address principals' and vice-principals' perceived grievances but the Department of Education insisted that any performance pay for them should be based on established arrangements which required that performance targets be set in advance and payment linked to the achievement of these targets. As time elapsed it became impossible to operate this procedure and the dispute became more difficult to resolve.

Evidence received

16 Evidence on how to resolve the dispute has been provided to the Inquiry Team by the main Employers and from the Unions representing teachers.

There are a number of areas on which there was broad agreement. These include:

- (a) the introduction of threshold payments for classroom teachers has introduced salary anomalies vis a vis those on the leadership spine and these need to be addressed;
- (b) there was a perception that in some cases the salaries of vice-principals are now lower than that of the highest paid classroom teacher;
- (c) it was felt that in some cases schools could not have afforded to pay the additional cost of increases to principals and vice-principals;
- (d) any solution should provide for the back dating of payments;
- (e) payments to solve the dispute should be centrally funded.

Results of the research study

17 The Inquiry requested the researchers to examine three issues. These were:

- (a) what was the effect of the introduction of threshold payments in September 2000 on the differences between principals and vice-principals and between vice-principals and the highest paid teacher in the school?
- (b) to what extent was performance pay used by Boards of Governors in the last two years since the use of such payments would go some way to restoring salary differentials? and
- (c) was there any evidence to support the view that schools were not operating performance pay because of affordability constraints?

18 Appendix 2 shows the average salary differences between principals and vice-principals in the years 1999, 2000, 2001 and 2002 sorted by school type and by group number. In the primary sector only schools where both a principal and vice-principal were in post are included. The figures for grammar schools do not include voluntary grammar schools in 2002 since these figures are not yet available.

The tables in this Appendix show among other things that:

- average salary differences increase with school size within a school phase;
- the average salary difference between principal and vice-principal in 1999 was £6,200 (rounded to the nearest £100) for primary schools, £10,100 for secondary schools and £12,900 in grammar schools;
- the average salary differential between principals and vice-principals increased on average for primary schools by +1% in 2000, by +5% in 2001 and a further +5% in 2002. For secondary schools the average changes for the three years were -1% , +5%

and +2% respectively For grammar schools the respective figures were -3%, +6% and +8%

19 Appendix 3 shows the salary differences between vice-principals and the highest paid classroom teacher for the years 1999, 2000, 2001 and 2002.

The tables in this appendix show that:

The average salary difference between vice-principal and the highest paid teacher in 1999 was £3,000 (rounded to the nearest £100) in primary schools, £3,300 in secondary schools and £4,500 in grammar schools. There was a relatively small range for this difference. For example in primary schools the average for Group 1 schools was £3,500, £2,500 in Group 2 schools, £3,100 in Group 3 schools and £3,200 in Group 4 schools.

In 2000 the average salary difference for this group fell very markedly as a result of the introduction of threshold payments. The average difference for primary schools fell to £1,800(-£1,200), for secondary schools to £2,200 (-£1,300) and £2,800 (-£1,700) for grammar schools. In the following two years the differences began to widen again. For primary schools the average increase in 2001 was 12% and 6% in 2002. In secondary schools the figures were 18% and 10% and in grammar schools 31% and 2% respectively. The last figure may be an anomaly since voluntary grammar schools are not included.

20 Appendix 4 expands the information in Appendix 2 to show the range of differentials in £1,000 steps and the number of schools in each step by school group and type.

21 Appendix 5 illustrates the difference in salary between the principal and the highest paid teacher where there was no vice principal in the years 1999, 2000, 2001 and 2002. In primary schools the difference was £8,200 (rounded to nearest £100) in 1999. It fell to £7,500 (-8%) in 2000, increased to £7,800 (+4%) in 2001 and by a further 1% in 2002.

22 Appendix 6 shows the number of principals and vice-principals who received performance pay in 1999/2000 and 2000/2001 and the number of both categories who received performance pay in both years. While Voluntary Grammar schools are not included in the survey it shows that in the first period 28% (314) of principals and 22% (205) of vice-principals received performance pay. In the following year the figures were 43% (469) for principals and 38% (310) for vice-principals.

23 Appendix 7 includes copies of tables from the School Teachers' Review Body reports of 2001 and 2002 for England and Wales and these show that between September 2000 and

September 2001, 46% of headteachers and 44% of deputy headteachers received performance points and that there were similar figures in the previous year.

The figures in Appendices 6 and 7 suggest that there is no longer a very large difference between the operation of the performance review system for the leadership group in England and Wales and in Northern Ireland.

24 Appendix 8 shows the numbers and percentages of schools where there was performance pay for principals and vice principals in the years 2000 and 2001. The schools are analysed by whether they had a financial surplus/deficit and by main employer. These tables illustrate that there does not seem to be any consistent pattern of relating performance pay to the financial position of the school.

Major considerations influencing our recommendations

25 We believe that in bringing forward recommendations in the interim :

- (a) we should support and reinforce the existing arrangements for settling disputes between management and employees;
- (b) any recommendations need to take account of the general principles arising from the Public Accounts Committee report;
- (c) our recommendations should be based on existing arrangements which are founded on parity with England and Wales. Our main report will include consideration of the future maintenance of parity arrangements.

The key issue

26 As a result of threshold payments there had been an erosion of differentials between members of the leadership group and classroom teachers. A number of the proposals we received suggested that there be total or significant automatic restoration of this differential by giving members of the leadership group the value of the threshold payment from the 1st September 2000 or, since this would be difficult to operate in the context of the leadership spine, give everyone two points on the spine from the same date.

27 The Inquiry Team does not accept that there should be automatic restoration of differentials in this interim report for three reasons.

- This would be a breach of the parity principle, since this was not done in England and Wales.
- Threshold payments were introduced to give recognition to the high calibre of Northern Ireland teachers and allow those with relevant experience to gain due reward for this professionalism in the classroom.

- In the existing arrangements advancement on the leadership spine is determined by the relevant body (normally the Board of Governors) based on performance assessment. A proposal for automatic progression would have the effect of diluting this key responsibility.

28 At the same time the Inquiry is very aware that there has been erosion of differentials at the vice-principal level and that this has been made worse by the failure to agree and to set ISRs for this group. We recognise that the narrowing of salary differentials will contribute to the difficulty of recruitment at this level since there is limited incentive to undertake considerably increased responsibilities.

Conclusions and Recommendations

29 In our consideration of pay structures and pay relativities of principals and vice principals, the Inquiry Team studied the national framework for England and Wales which, based on the concept of 'parity', provides the basic model for Northern Ireland teachers pay. It is evident that the system of management in education has evolved through the '90s to place special emphasis on the relationship between the Board of Governors and the leadership i.e. the principal and the vice principal(s).

The school Board of Governors is required:

- to produce a school development plan;
- to have a school salary policy in place;
- to establish with both principal and vice principal(s) individual performance objectives with related pay progression opportunities.

In all our considerations and in making our recommendations we were conscious of the need to recognise the crucial leadership role of principals and their vice principals in schools. While the achievements of a school in developing its pupils is a team effort the strategic direction of the school as well as staff motivation, is a function of its leadership, and reflects the quality of that leadership.

The pay system needs to take account of these contributions and reward effective leaders. We are minded also to take account of the view of the School Teacher Review Body for England and Wales which in February 2002 indicated "we are not persuaded that the new pay arrangements and structure for classroom teachers should in themselves necessarily require an automatic across the board adjustment of heads' salaries."

30 The evidence provided to us by the Department of Education shows that there has been a marked deterioration in pay relativities between vice principals and the highest paid teachers since 1999.

Table 1

The table below summarises the pay relativities between vice principals and highest paid teachers as set out in detail for all schools in Appendix 3.

School phase	Average salary difference 1999 (£)	Average Salary difference 2000 (£)	% change on previous year	Average Salary difference 2001 (£)	% change on previous year	Average Salary difference 2002 (£)	% change on previous year	% change since 1999
Primary	2,982	1,847	-38	2,071	+12	2,197	+6	-26
Secondary	3,346	2,205	-34	2,595	+18	2,857	+10	-15
Special	2,049	798	-61	1,499	+88	1,578	+5	-23
Grammar	4,494	2,808	-38	3,674	+31	3,761	+2	-16

The initial deterioration in the salary difference between vice-principals and highest paid teachers was due to the introduction of threshold payments for classroom teachers. Salary differentials between these two groups are beginning to grow but have not recovered to the levels which were in existence in 1999.

This has implications for the recruitment of vice principals. Also existing vice-principals need to be suitably rewarded taking into account the nature of their roles and responsibilities and contribution to the school.

31

Table 2

The table below summarises the pay relativities between principals and vice principals as set out in detail for all schools in Appendix 2

School phase	Average Salary difference 1999 (£)	Average Salary difference 2000 (£)	% change on previous year	Average Salary difference 2001 (£)	% change on previous year	Average Salary difference 2002 (£)	% change on previous year	% change since 1999
Primary	6,234	6,276	+1	6,596	+5	6,921	+5	+11
Secondary	10,106	10,027	-1	10,492	+5	10,652	+2	+5
Special	7,019	6,632	-6	6,749	+2	6,953	+3	-1
Grammar	12,932	12,542	-3	13,319	+6	14,437	+8	+12

This table illustrates that the overall salary difference between principals and vice principals has grown since 1999, except in the case of Special Schools.

This increase in the average salary difference between principals and vice principals is probably due to the fact that a somewhat higher proportion of principals than vice principals benefit from the operation of performance awards. (For details see Appendix 6)

32

Table 3

The table below shows the percentage of principals and vice principals who received additional spinal points in the years 1999-2000 and 2000-2001 compared with their counterparts in England and Wales.

	1999-2000		2000-2001	
	Headteacher/ Principal	Deputy Heads/ Vice Principal	Headteacher/ Principal	Deputy Heads/ Vice Principal
England and Wales	46	47	46	44
Northern Ireland	28	22	43	38

This table illustrates clearly that there has been a considerable growth in the use of performance pay in Northern Ireland and it is now approaching the level of England and Wales. It also illustrates that, while there has been a significant change, vice principals have not benefited from the operation of performance recognition to the same extent as principals here, or to the same extent as vice-principals in England and Wales.

At the same time the table indicates that over 50% of principals and more than 60 % of vice-principals were not in receipt of performance awards. While we do not think that every leadership post holder is entitled to performance pay we believe that the figures could be significantly higher, given the generally held view that the majority of post holders in Northern Ireland are of high quality. In saying this we also note the Department of Education's intention to set in place training and external support for Governors to assist them in the operation of performance pay arrangements.*

33 We have been informed on a number of occasions that failure to use the performance mechanism to reward principals and vice principals is due to concerns about the financial position of the school. However Appendix 8 shows that the financial position of the school appears to have had little effect on the decision to use the performance mechanism with almost the same proportion of schools with budget deficits making the awards as those with surpluses.

* Letter dated 19th June 2001 from Permanent Secretary of Department of Education to Chief Executives of Education and Library Boards

34 Because of the failure to agree the 2000 pay round in Northern Ireland the position of vice principals has not had the focus it deserves. We have looked carefully at the existing salary differences between the vice-principal and the highest paid teacher. We have examined the range and distribution across schools and consider that, particularly for schools in Groups 1 and 2, this salary difference is less than satisfactory. We concluded, given normal circumstances, that this difference is not high enough to compensate for the additional responsibilities and the differences in conditions of service.

35 **We recommend that:**

- **ISRs on a five point range be set for vice principals by Governors with effect from 1st September 2000. Governors will need to take into account the roles and responsibilities of the vice-principal and ensure that there is an appropriate difference between the vice-principal's salary and that of the highest paid teacher.**
- **We further recommend that Governors base their decisions on the ISRs for salary positioning of vice principals outlined in Appendix 9. These are consistent with the guidance of the Schoolteachers' Pay Review Body for England and Wales.**
- **Where a vice principal's salary on 1st September 2000 was below the bottom point on the new ISR that vice principal should move to the new bottom point with effect from that date.**
- **Where a performance point was awarded and effective from 1st September 2000 and/or 1st September 2001 the vice principal's initial placement on the new ISR should be adjusted upwards by the point awarded in the respective years. Note should be taken of the guidance issued by the Department in Circular 1999/22 on the award of performance points.**

To enable the ISR to be set correctly it will also be necessary to establish the Unit Total for the school at that date and relate it to the table in Appendix 9.

36 Table 2 (paragraph 31) illustrates that with the exception of Special Schools the salary difference between principals and vice principals has, on average, increased in the past three years.

We do not support the proposals put to us in a number of submissions that principals should automatically have two additional spine points, to restore the differential between themselves and the highest paid teacher, and to recognise the work involved in carrying through the threshold process. Furthermore there was no such automatic adjustment initiated in England and Wales and in any case we feel that school Governors are best placed to take account of the local circumstances. Table 2 and the evidence in Appendix 6 suggests that some principals already have had two points. Nevertheless we observed from our surveys that, there has been inadequate salary positioning for principals in some schools, and, in many, no

salary movement at all and consider that some change is justified. The setting of an ISR for the vice principal will, in some cases, necessitate the setting of a new ISR for the principal to ensure that there is no overlap between the ranges.

37 **We therefore recommend:**

- **from 1st September 2000 a new 7 point ISR should be set for principals and that Governors should use the ISRs contained in Appendix 9.**
- **A principal's initial placement on the new ISR should be at the point he or she would have assimilated to from the previous 34 point scale. However:**
- **where after assimilation a principal's salary on 1st September 2000 was below the bottom point on the new ISR that principal should move to the new bottom point with effect from that date;**
- **where a performance point was awarded and effective from 1st September 2000 and/or 1st September 2001 that principal's initial placement on the new ISR should be adjusted upwards by the point awarded in the respective years.**

Governors are reminded that in accordance with the guidance issued by the Department of Education in Circular 1999/22 no more than one point can be added in any one year. Appendix 10 gives examples of how assimilation to the revised ISR should operate.

38 **We recommend that the Governors (Relevant Body) of all schools should, in carrying out their annual salary review of teacher salaries, set agreed performance criteria for principals and vice principals for the school year ahead and that when performance is assessed principals and vice principals should be informed of the outcome and the reasons for any decisions taken as a result.**

Our survey has shown that most principals' salaries are presently at or near the bottom of the range and that there is therefore significant room for progression on the scales as a result of satisfactory performance review.

Affordability.

39 Our terms of reference require us to take account of affordability of our recommendations. This requirement is particularly difficult because we are assessing the impact on schools' current year budgets of recommendations which must be back-dated to 1st September 2000. This is the outcome of the failure to agree at the Northern Ireland Teachers' Negotiating Committee two years ago.

In addressing this matter:

- we have considered school surplus/deficit information for the past two years as contained in Appendices 8a to d;

- we have revisited STRB reports for the past three years in their references to affordability of pay adjustments;
- we have sought clarification from the Department of Education and Boards on funds made available to finance performance review and salary movements.

We also took account of indicators in our school sampling exercise, which were subsequently confirmed, that, in a significant number of schools in Northern Ireland, principals have been positioned below the recommended ISRs on the existing leadership scales for their schools. Provision for the cost of the correct placement of the leadership group on the pay spine is already in the existing funding mechanism.

Some 80% of schools have had surpluses of more than £5,000 in each of the last two years. We note that some 20% had surpluses of less than £5,000 or were in deficit. Many surpluses were built up as part of the planning for school improvements e .g. repainting or other upgrade projects or equipment purchases. We have no information on the present funding position of schools in the current financial year.

The STRB Reports numbers 9, 10, and 11 for 2000, 2001 and 2002 consistently express concerns about the complexity and proliferation of regulations during a period of major change in schools. The level of funding and the funding system has been a source of general concern for many years. Complex considerations are involved and new discretionary elements in the pay structure will bring further pressures (STRB Report 9/2000, paragraphs 209/210). However report Number 10 in 2001 notes improved funding over the previous period but emphasises the critical importance of adequate funding and headroom above the cost of general increases if the new opportunities and flexibilities are to become a reality. The most recent report-Number 11 of January 2002-requests the Department for Education and Skills to review "how it monitors the use of pay flexibilities and advises on their application" and notes "the reluctance of some schools to devote some of the increased spending available to them to these pay flexibilities".

All of these STRB observations have relevance in the Northern Ireland context. Our situation is compounded by the failure to finalise the 2000 pay settlement and the subsequent loss of at least two years in putting in place necessary support arrangements. Parity of funding would suggest that there is existing provision in the Northern Ireland system to provide for our recommendations. We have been careful to ensure that our recommendations fall within the provisions made by the STRB for England and Wales and, on the parity principle, these should be affordable and afforded through the Department of Education's budget share of the Northern Ireland block.

We note that the Department of Education made monies available to Boards and others in the last two years to finance performance pay for principals and vice principals. We are given to understand that differing arrangements by Boards and other funded bodies were made about

how these funds were handled because of the uncertainty about the outcome of the Teacher Negotiating Committee discussions. These funds will need to be taken into account. We are concerned that individual schools or employer bodies or the Department may not have made provisions for these back-dated entitlements.

We recommend that the Department of Education takes action with the employers and funding bodies to review funding flows in the past two years and in the current year, so as to ensure satisfactory financial allocations to schools for our proposals for principals and vice-principals.

Salary and employment information

40 The Inquiry Team spent a considerable period of time looking carefully at the issues and evidence put to it. It has also considered very carefully its conclusions and recommendations. This interim report has taken longer to produce than was originally intended. This was largely due to the lack of data held by the Department of Education

- about the ISRs of schools,
- the award or otherwise of performance pay at school level; and
- the fact that the payroll system, operated by the Department, does not hold school related information.

41 We do not believe that the negotiating committee or others concerned with these matters can in the future be expected to operate properly without access to reliable and up to date data.

We recommend that the Department of Education and the employers make arrangements as soon as possible, to collect on an annual basis employment information on teachers and salaries in a manner similar to that operated by the Schoolteacher Review Body in England and Wales.

Appendix 1

The Committee is requested to:

1. Inquire widely into how teachers' pay, promotion structures and conditions of service should be changed in order to support a committed, professional and flexible teaching force which will secure high and improving standards of school education for all children in Northern Ireland.
2. Examine specifically the impact of the implementation of the Pay Award 2000 on the salaries of principals and vice-principals and bring forward proposals as a matter of urgency and through an interim report.
3. Examine the existing negotiating machinery and make recommendations.

In framing recommendations, the Committee:

- (a) Should take into account the following principles:
 - parity and equivalence with pay levels for teachers in England and Wales
 - teachers' pay should be at a level to recruit, retain and motivate high quality teaching staff
 - there should be a clear and demonstrable link between additional pay for teachers and revised conditions and working practices, which meet the need for modernisation and higher standards
 - there should be opportunities for career advancement for teachers, especially teachers of acknowledged excellence, who wish to continue to deploy their skills in the classroom
 - the structure of pay and conditions of service should be designed to promote and reward effectiveness in both teaching and school management
 - develop a framework which will support professional development of teachers consistent with the school development plan
 - management structures in schools should be sufficiently flexible to meet changing needs and challenges while ensuring effective delivery of the daily responsibilities of each school.
- (b) Must have regard to public expenditure issues including affordability and the implications of the Government's inflation target for the general level of public sector pay settlements.

In conducting its Inquiry, the Committee may wish to commission research and invite evidence.

Appendix 2(a)

Principal - Vice Principal¹ Salary Differential [September 1999]

School Phase	Group	No. of Schools	Average Salary Differential
Primary	1	183	£4,827
	2	238	£5,753
	3	129	£7,680
	4	39	£9,368
	5	12	*
	6	1	*
		602	£6,234
Secondary	1	1	*
	2	7	£5,568
	3	25	£7,589
	4	39	£8,968
	5	50	£10,929
	6	24	£12,479
	7	5	£17,539
	8	1	*
		152	£10,106
Special	2	9	£4,241
	3	16	£6,602
	4	11	£8,488
	6	5	£10,126
		41	£7,019
Grammar	3	n/a	n/a
	4	4	*
	5	9	£11,763
	6	31	£12,713
	7	16	£14,132
	8	2	*
		62	£12,932

Source: DE Teachers' Payroll System and Voluntary Grammar dummy payroll

¹ Only refers to schools where a principal and vice principal were in post.

* Figure suppressed, to avoid disclosure of value relating to fewer than five cases.