

**Guidance to Boards of
Governors on
Leadership Pay**

JUNE 2006

1.0 THE LEADERSHIP GROUP (PRINCIPALS & VICE-PRINCIPALS)

1.1 Size of the Leadership Group

1.1.1 The size of a school's Leadership Group is for the relevant body to decide, taking into account the needs of the school and the overall staffing structure adopted. All members of the Leadership Group should have substantial strategic responsibilities for school leadership, as principals or vice-principals. New appointees to the Leadership Group are not required to have passed the threshold, but relevant bodies should expect the performance of these teachers to be at least consistent with the threshold standards.

1.2 The Basic Structure of the Leadership Group

1.2.1 The Determination that issued with the Department's Circular 2006/17 Appendix I) requires relevant bodies to pay principals and vice-principals a salary on the 43-point Leadership Group spine. The Leadership Group pay spine is banded into eight school Principal Groups with overlapping ranges of spine points (see Appendix A) . The school Principal Group is determined using a specified formula which relates to the size of the school. There are slightly different arrangements for both mainstream schools and special schools.

1.2.2 Relevant Bodies are required to set a seven-point Individual School Range (ISR) within the ranges of points available within the appropriate school Principal Group. The principal's salary must be within this ISR (see paragraph 1.5).

1.2.3 Relevant bodies are required to set a five-point pay range for each vice-principal (see paragraph 1.6). The vice-principal's salary must start on a point above the pay of the "highest paid classroom teacher" (which is a notional salary as defined in paragraph 1.2.4 below). Furthermore, the vice-principal's pay range must not overlap with the ISR (see Appendix B).

1.2.4 The "highest paid classroom teacher's" salary is a notional salary comprising Upper Pay Scale 1 plus any management or SEN allowances held by that teacher. Upper Pay Scale points 2 and 3 received by teachers have no effect on this notional salary calculation. The value of recruitment and retention payments must not be taken into account for the purpose of this calculation, although in cases where this has been previously counted, there is no obligation to review the ISR.

- 1.2.5 Where it becomes necessary to re-determine pay ranges to avoid overlap with other Leadership Group members or the 'highest paid classroom teacher', the change must not be more than is necessary to avoid overlap. Relevant bodies must not set pay ranges at such a high level that they are then required to set an ISR outside the school group nor must they increase the highest paid teachers' salary or the vice-principals' salary range for the purpose of increasing the principals pay.
- 1.2.6 Aside from the legal requirements in relation to overlapping between members of the Leadership Group with each other and the "highest paid teacher" (see paragraph 1.2.4) there are no legal differentials. However, the Employing Authorities strongly recommend that schools adopt the recommended ranges set out in Appendix E to ensure a consistent approach across all schools (see paragraph 1.5.4). Should the relevant body decide to develop differential criteria, they will need to give careful consideration to the way they interact with performance pay awards. Performance pay awards (eg progression on the Upper Pay Scale and Leadership Scale) must not be used as a justification for increasing the pay of other teachers for the sole purposes of maintaining differentials.
- 1.2.7 There will be no automatic salary progression. Decisions on pay progression must be taken in association with the outcome of the annual review of performance. Boards of Governors may award one point for performance of sustained high quality, but in cases where there has been very high quality of performance, one additional point may be awarded. No more than two points can be awarded in the course of a single annual review. Relevant bodies should agree their budgets to ensure that appropriate funding is available for performance pay at all levels. Save to the extent that movement up the pay spine is necessary to ensure that the principal's/vice-principal's salary is not less than the minimum of his ISR/VP Range, there shall be no movement up the pay spine other than in the circumstances described in this paragraph.
- 1.2.8 An example calculation of a school's Principal Group and ISR/VP Range is set out in Appendix F.

1.3 Determining the School Principal Group – Schools with Fully Delegated Budgets

- 1.3.1 Following the Employing Authority's final calculation of the school Principal Group at 1 September 2005 it will be the responsibility of each relevant body to calculate the school Principal Group on the appointment of a new principal and whenever it sees fit, normally at the start of an academic year. The Employing Authorities will however carry out this exercise every three years on behalf of schools and will

also provide recommended ISRs and VP Ranges. The relevant body should, however, regularly review the Principal Group as the school's circumstances change.

- 1.3.2 The relevant body should assign its school to a Principal Group based upon a **unit score**, calculated by reference to the number of pupils at each Key Stage on the school register on the most recent Annual School Census Statistical Return – see Appendix C.

1.4 Determining the School Principal Group – Special Schools

- 1.4.1 The Employing Authority will continue to calculate the school Principal Group for special schools on the appointment of a new principal and whenever the Employing Authority sees fit, based upon the modified unit score, calculated on the basis of Appendix D.

1.5 Determining the ISR

- 1.5.1 Relevant bodies should assign a school to a Principal Group and determine the seven-point ISR, within the corresponding Group Range, whenever they propose to appoint a new principal. They may also re-determine the ISR within the Group Range, as of 1 September or at any other time, if they consider it necessary to retain an existing principal. They should also re-determine the ISR if the Principal Group changes or if they set a Vice-Principal Pay Range which overlaps with the ISR. The principal's salary must be within this ISR. Where the relevant body selects a new ISR which is lower than the pay point of the existing principal, the principal shall continue to be paid at that pay point until such time as the ISR increases to allow for further progression.
- 1.5.2 Although Boards of Governors, as the relevant body, are responsible for determining the ISR within the Principal Group Range, the employing authorities strongly recommend that Boards of Governors adhere to the guidelines set out in Appendix E. This will ensure a consistent approach is taken in relation to principals' pay. Should the relevant body decide to depart from these recommended ranges and select an alternative within the Principal Group Range, they **must** be able to justify such decisions and record the reasons in the minutes of the Board of Governors meetings. The relevant body must also take into account long-term affordability (including progression costs on the ISR) without the need for additional funding from the Curriculum reserve or other funds held by the Education and Library Board. In any event advice from the Employing Authority **must** be sought and noted in the minutes.

- 1.5.3 The maximum point of the ISR represents the highest salary point attainable by the principal. Simply reaching the maximum of an existing ISR is not justification for re-setting the ISR, and this must not be done for the sole purpose of enabling further pay progression.

New Principals

- 1.5.4 When determining the ISR of a new principal, the relevant body should take account of any difficulties there may be in recruiting and thereafter retaining a principal, and whether there has been a significant change in the responsibilities of the principal. The relevant body should not take account of the salary of the serving principal if they re-determine the ISR.
- 1.5.5 On appointment, a new principal should normally be paid on the base point of the ISR (appropriate to the school's unit total as recommended in Appendix E) but can be paid at a point not exceeding the third point above the minimum of the ISR. When determining the actual salary of a new principal, relevant bodies should take account of the responsibilities of the post, the background of the pupils at the school and whether the post is difficult to fill.

Exceptional Circumstances

- 1.5.6 If a school is in difficulties and needs to appoint a new principal, or if the existing ISR is not thought to be sufficient to retain an existing principal or recruit a new principal, relevant bodies may set an ISR up to two groups above the school Principal Group. This should only occur in **extremely exceptional circumstances, and there must be clear evidence of such**. In any event, the relevant body **must** consult the employing authority when considering such measures, detailing the reasons for the decision. The relevant body **must** also take into account long-term affordability (including progression costs on the ISR) without the need for additional funding from the Curriculum reserve or other funds held by the Education and Library Board.

1.6 Determining the Vice- Principal Range (VP Range)

- 1.6.1 The relevant body must determine the 5-point pay range for vice-principals (the VP Range), in the gap between the "highest paid classroom teachers" salary (which is a notional salary as defined in paragraph 1.2.4) and the bottom of the principal's ISR. This should be done in accordance with the recommendations in Appendix E, when they propose to make new appointments or where there is a significant change in the responsibilities of a serving vice-principal eg due to a change in pupil numbers. Where there is insufficient space between

the salary of the “highest paid teacher” and the minimum of the ISR, the ISR shall be increased to the extent necessary to accommodate the VP Range. The relevant body may also re-determine the VP Range as of 1 September or at any other time, if they consider it necessary to retain an existing vice-principal.

- 1.6.2 Subject to paragraph 1.6.1, the VP Range **shall not** be set at so high a level that the relevant body are then required to increase the ISR beyond the maximum of the appropriate School Group Range.
- 1.6.3 Although Boards of Governors, as the relevant body, are responsible for determining the VP Range, the employing authorities strongly recommend that the VP Ranges set out in Appendix E are applied to ensure consistent approach is taken in relation to vice-principals’ pay. Should the relevant body decide to depart from these recommended ranges they **must** be able to justify such decisions and record the reasons in the minutes of the Board of Governors meetings. An example may be to ensure that the VP Range falls between the bottom of the ISR and the salary of the “highest paid classroom teacher”. The relevant body must also take into account long-term affordability (including progression costs on the VP Range) without the need for additional funding from the Curriculum reserve or other funds held by the Education and Library Board. In any event advice from the Employing Authority **must** be sought and noted in the minutes.
- 1.6.4 Where the relevant body selects a new VP Range that is lower than the pay-point of the serving vice-principal, the vice-principal shall continue to be paid at that pay point until such time as the VP Range increases to allow for further progression.
- 1.6.5 The maximum point of the VP Range represents the highest salary point attainable by the vice-principal. Simply reaching the maximum of an existing VP Range is not justification for re-setting the VP Range, and this must not be done for the sole purpose of enabling further pay progression.**

New Vice Principals

- 1.6.6 When determining the VP Range of a new vice-principal, the relevant body should take account of any difficulties there may be in recruiting and thereafter retaining a vice-principal and whether there has been a significant change in the responsibilities of the vice-principal. The relevant body should not take account of the salary of the serving vice-principal if they re-determine the VP Range.
- 1.6.7 A new vice-principal shall normally be appointed to the minimum point of the VP Range, however they may be paid at a point not exceeding the second point above the minimum of the Vice-Principal Range.

When determining the actual salary of a new vice-principal, relevant bodies should take account of the responsibilities of the post, the background of the pupils at the school and whether the post is difficult to fill.

Exceptional Circumstances

- 1.6.8 If the recommended VP Range (set out in Appendix E) is not thought to be sufficient to retain an existing vice-principal or recruit a new vice-principal, relevant bodies may re-set the Vice-Principal Range, within the gap between the highest paid teachers salary and the bottom of the ISR. This should only occur in **extremely exceptional circumstances, and there must be clear evidence of such**. In any event, the relevant body **must** consult the employing authority when considering such measures, detailing the reasons for the decision. The relevant body **must** also take into account long-term affordability (including progression costs on the VP Range) without the need for additional funding from the Curriculum reserve or other funds held by the Education and Library Board.

1.7 Salary Progression: Annual Review of Principals' and Vice-Principals' Salaries

- 1.7.1 Relevant bodies must review the salaries of principals and vice-principals with effect from 1 September each year, and notify them in writing of the basis on which their pay point has been determined. In doing so the Board of Governors must take account of Departmental Determinations and any guidance issued by the Employing Authorities.
- 1.7.2 There is no automatic pay progression. Any movement through the ISR/VP Range can only take place after the principal's/ vice-principal's performance has been reviewed in the context of the agreed annual review arrangements and has been found to have been of a sustained high quality. In such circumstances Boards of Governors **may** award one point. In cases where there has been very high quality of performance, one additional point **may** be awarded. No more than two points can be awarded in the course of a single annual review. Save to the extent that movement up the pay spine is necessary to ensure that the principal's/vice principal's salary is not less than the minimum of his ISR/VP Range, there shall be no movement up the pay spine other than in the circumstances described in this paragraph. The maximum of the ISR/VP Range cannot be exceeded, nor should it be reset for reasons outside those set out in paragraphs 1.5 and 1.6. **Decisions on pay progression must be agreed by Governors and recorded in the minutes of the Board of Governors meeting.** Boards of

Governors must be able to demonstrate that any increases are affordable (see paragraph 1.10 below). Any decision to award performance points in circumstances where the school is in a position of significant overspend may be challenged by the Employing Authority.

- 1.7.3 When considering pay progression, relevant bodies should make use of evidence from a wide range of sources including PRSD Review Statements (see Appendix G), the Department's Determinations and any considerations set out in their own salary policy.
- 1.7.4 Where the relevant body sets a higher ISR, any points awarded by the relevant body for performance in the previous school year shall be calculated on the basis of the lower ISR before the principal's pay is assimilated onto the higher range. A change in ISR must not be applied retrospectively.

1.8 Criteria for Reviewing Salaries of Principals & Vice Principals

- 1.8.1 Schools are legally required to adopt, implement and monitor a school development plan. This plan will have the overall objective of improving pupil attainment through teaching and learning. School Development Plans will therefore establish objectives, targets and priorities in key areas which help the school achieve this overall objective. Key areas include curriculum and assessment, pastoral care and ethos, whole school issues, parents, accommodation and maintenance, human & financial resources, and staff development. The criteria for reviewing the salaries of principals and vice-principals will therefore reflect the leadership and management objectives arising from the appropriate areas of the School Development Plan; and agreed performance objectives must relate to school leadership and management and pupil development.
- 1.8.2 For the vast majority of principals and vice-principals their PRSD reviews will be based on the School Development Plan. The PRSD Review Statement will be available to Governors in reviewing the salaries of the principal and vice-principal and must be taken into account in the review of performance.

1.9 Notification of Salary Changes and Accountability

- 1.9.1 The relevant body is responsible for pay decisions in schools with fully delegated budgets. In certain circumstances the employing authority may challenge a pay decision, eg if it contravenes the legal requirements such as the Department's Determinations, or if for some reason the decision was considered perverse or unreasonable. In order for the employing authorities to fulfil their accountability

responsibilities, changes to principals' and vice-principals' pay **should first be notified to the relevant employing authority** (using FormTR268/P - Appendix H), who may seek fuller explanation/clarification as necessary, before forwarding the details to Teachers' Salaries Branch, Waterside House, for payment purposes. This applies to pay changes as a consequence of annual reviews and as a result of increases to the ISR/VP Range that require an amendment to salaries.

1.10 Affordability

- 1.10.1 The relevant body must plan for the financial consequences of pay progression, and must be able to demonstrate that any proposed increases are affordable and compatible with the schools projected funding for future years. Performance pay awards for all teachers are **discretionary** on the basis of performance and this is the first consideration in any award. Relevant bodies should agree their budgets to ensure that appropriate funding is available for performance pay progression at all levels.

APPENDICES

- A - Leadership Pay Spine and Principal Group Ranges**
- B - Leadership Group Pay System**
- C - Calculation of the Principal Group**
- D - Calculation of Principal Groups - Special Schools**
- E - Recommended Principal ISRs and Vice-Principal Ranges**
- F - Calculation Of Principal Group, ISR and Vice-Principal Range**
- G - Performance Review and Staff Development Scheme (PRSD)**
- H - TR268/P Salary Notification Form**
- I - DE Determination 2006/17**