



Department
for Education

Department for Education
Support and Rewarding Teachers and
Leaders Division

Teaching Workforce Directorate

Date: 28 January 2022

Dave Wilkinson
NASUWT

Dear Dave

Thank you for your email correspondence of 18 January on the issue of indexation in the final salary section of the Teachers' Pension Scheme and the request for the Department to issue guidance clarifying the universal use of recruitment and retention payments, referred to in STPCD guidance, (and equivalent provision for school leaders) – as has been proposed jointly by the unions

The Department's pay and pensions teams have jointly considered the request for further clarification to be provided to employers regarding the suitability of making such payments.

Before dealing with the specific STPCD point, by way of context, I think it's important to set out that the issue that has been raised will not affect the majority of teachers who are subject to pay restraint, as a significant proportion are likely to have received an adjustment to pay as a result of progression payment or promotion.

Additionally, teachers who joined the TPS for the first time after 1 April 2015 will not have any final salary service. Of those who do have final salary service and have not received an adjustment to pay, the issue of indexation would not affect those who are more than 10 years from retirement. Therefore, to be clear, the issue that has been raised would only affect those who joined the TPS before 1 April 2015 and are within 10 years of retirement and received no adjustment to pay in the year in question as a result of progression payment or promotion.

As you are aware, the long-term approach is being discussed with the Scheme Advisory Board and an update will be provided in February. If the Department determines that the policy approach should be changed, this will need to be agreed with HM Treasury and subject to consultation before a change to regulations would be made. The Department considers that this is the appropriate way to address the issue that has been raised. Whilst the concerns raised in respect of the current year are understood, the Department notes from the Annual Budget and Spending Review announced in October 2021 that public sector workers would receive pay rises across the 2022/23 to 2024/25 Spending Review period.

With regard to the proposal to apply a £1 uplift for teachers and school leaders (including head teachers, deputy headteachers and assistant headteachers) the Department does not believe that universally applying pay adjustments is necessary or justified in accordance with the STPCD. It is up to individual employers to determine whether there are specific circumstances that justify a change in pay for a teacher or school leader, for e.g., where a school may reasonably think a teacher could be affected by the indexation rules and current pay restraint, and it could result in the member leaving teaching. Where employers believe there is a genuine risk to retention of individual teachers, they will need to consider what remedial action may be appropriate in line with the STPCD.

That said, you will be aware that headteachers, deputy headteachers and assistant headteachers are not eligible for a recruitment and retention allowance. However, if justifiable and appropriate, schools may wish to consider alternatives provisions allowable within the STPCD provisions e.g., making a small notional change in the value of their pay point/annual pay. To be clear though, schools will need to consider the issues, including the provisions set out in the STPCD, on a case-by-case basis and assure themselves that the requirements around increasing leaders' salaries, as set out in the Implementing Your School's Approach to Pay guidance, are met.

In doing so, employers would also need to consider whether any adjustment to pay could have unintended consequences for a member – e.g., if a member is close to the next tier of the TPS contribution structure and an adjustment results in higher member contributions.

Clearly what we have set above in relation to the STPCD only applies in a statutory sense to maintained schools, and academies are free to make whatever decisions about pay they believe are appropriate.

I hope this helps to clarify the Department's thinking on this issue and I am copying this response to other STRB statutory consultees as I know that most will have an interest in this matter.

Best Wishes

Dominic Mahon

Teachers' Pay and Conditions Team