



**Rt Hon Justine Greening MP**  
Secretary of State

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Dr Patricia Rice  
Chair, School Teachers' Review Body  
Office of Manpower Economics  
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Fleetbank House  
2-6 Salisbury Square  
London EC4Y 8JX

25 October 2016

Dear Patricia,

## **SCHOOL TEACHERS' REVIEW BODY (STRB) REMIT: MATTERS FOR REPORT**

I should first of all like to offer my thanks for the STRB's work over the last year on its 26<sup>th</sup> report. From 1 September this year schools across England and Wales will have been implementing their new pay policies based on the recommendations of that report.

You will be aware that the Government's policy for public sector pay in 2017-18, as set out in the Chancellor's Summer Budget of 8 July 2015 and reaffirmed in the Autumn Statement and Spending Review 2015, is for awards to be limited to 1%.

I also understand that the previous Chief Secretary to the Treasury wrote to you and all other Pay Review Body Chairs on 13 July 2016 to set out the Government's approach to public sector pay, emphasising the expectation that pay awards should be applied in a targeted manner to support the delivery of public services and to address recruitment and retention pressures. That letter also stated that this may mean that some workers could receive more than 1% while others could receive less, but that there should not be an expectation that every worker will receive a 1% award. You will appreciate that this is much in line with the approach that you adopted in your last report where you made clear that decisions on salary increases for individuals are for schools to make in the light of their pay policies.

I should now like to ask for your recommendations on how to apply the pay award in 2017-18. In accordance with the previous Chief Secretary's letter, you will want to consider how the pay award should be applied and, in doing so, may wish to consider his comments on recruitment and retention issues and the continued need for pay restraint. I intend to submit for your consideration written evidence that there remains a strong case for continued

pay restraint in the public sector. My evidence will provide a detailed account of the teacher labour market based on the latest recruitment and retention data and will contend that the recent pay reforms mean that schools are now best placed to decide how pay awards can be targeted to meet their specific local recruitment and retention needs.

### **Considerations to which the STRB should have regard**

In considering your recommendations you should have regard to the following:

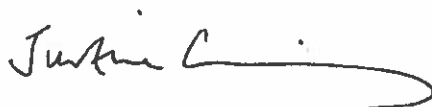
- a) The need to ensure that the proposals reflect the Government's policy that public sector pay awards in 2017-18 are limited to an average of 1% and are focused on addressing recruitment and retention pressures;
- b) The need to ensure that any proposals are affordable at both a national level and within the existing budgets of individual schools;
- c) Evidence of the national state of teacher and school leader supply, including rates of recruitment and retention, vacancy rates and the quality of candidates entering the profession;
- d) Evidence of the wider state of the labour market in England and Wales;
- e) Forecast changes in the pupil population and consequent changes in the level of demand for teachers;
- f) The Government's commitment to increasing autonomy for all head teachers and governing bodies to develop pay arrangements that are suited to the individual circumstances of their schools and to determine teachers' pay within the statutory minima and maxima.

### **Matters for recommendation**

I refer to the STRB the following matters for recommendation:

- What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention within the 1% limit for pay awards for public sector workers.

I should be grateful if the STRB could aim to provide a report on this matter **by early April 2017**. I look forward to receiving your recommendations on the 2017 pay award.



RT HON JUSTINE GREENING MP

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13<sup>th</sup> July 2016

*Dear Dr. Rice,*

PUBLIC SECTOR PAY 2017-18

1 Thank you for your work on the 2016-17 pay round. The Pay Review Bodies continue to play an invaluable role in making independent, evidence-based recommendations on public sector pay awards, as well as continuing to provide high-quality advice on wider reforms to pay and allowances policy. I am extremely grateful to you and your colleagues for your considered work. Over the remainder of the Parliament I look forward to the Pay Review Bodies continuing to advise the Government on how best to achieve pay reforms and deliver fair and sustainable pay awards for public sector workforces

2. As you know the fiscal context remains very challenging following the outcome of the EU referendum vote. However, the Government's public sector pay policy, announced at Summer Budget 2015 and reaffirmed in the Autumn Statement and Spending Review 2015, was intended to enable prudent long-term planning while protecting jobs, and I can confirm that this policy remains in place. We will fund public sector workforces for pay awards of an average of 1 per cent a year, up to 2019/20.

3. As I set out in my letter to you last year, I expect to see targeted pay awards, in order to support the continued delivery of public services, and to address

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recruitment and retention pressures. This may mean that some workers could receive more than 1 per cent whilst others receive less, and there should be no expectation that every worker will receive a 1 per cent pay award. I am aware that this requires you to receive good, evidence-based propositions to consider.

4. Relevant Secretaries of State will write to you shortly with their remit letters, as and where needed. Relevant departments will submit their proposals covering the specific needs of their workforces in their evidence to you in the early autumn. I look forward to your 2017-18 recommendations.

*Yours sincerely,*

A handwritten signature in blue ink, appearing to read "Greg Hands".

GREG HANDS

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