

CONFIDENTIAL FILINGTeacher's PayEDUCATIONPE 1: MAY 1979PE 6: JANUARY 1986

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PART 6 ends:-

DES to DN 26.3.86

PART 7 begins:-

JB unwin to DN 15.4.86

Cabinet / Cabinet Committee Documents

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The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed

Date _____

PREM Records Team



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

David Norgrove Esq
Private Secretary
No 10 Downing Street
London
SW1

NB 17.

26 March 1986

Dear David,

TEACHERS' PAY AND DUTIES

1. Sir Keith Joseph minuted the Prime Minister on 24 March attaching draft evidence to the ACAS panel. AT FLAT
2. I now attach for information a copy of the agreed note which was submitted to the Chairman of the ACAS panel earlier today. I understand that the Chairman takes the view that it would be unhelpful if the teacher unions were in a position to use selective quotations from any of the notes offered by the parties to the talks at next week's unions' conferences. His panel will be considering the material next Wednesday, but we understand that he proposes not to authorise release to other parties until 4 April or later by which time the unions' Easter conferences will be concluded.
3. Accordingly we are giving no publicity to the fact of submission or the content of the note. If asked next week our Press Office will merely confirm that we have indeed offered the ACAS panel a note giving the Government's view on the main issues, that the Government position is already well known and that the use made of the material must be for the ACAS panel to consider as part of their general preparation for the next meeting now called for 14 April. We will not be led by press speculation into discussing content or possible differences of view with the employers. That could only be unhelpful at this stage. You and copy addressees of this letter might wish to advise press officers to take a similarly low-key approach, should inquiries be addressed to them.
4. Copies of this letter go to private secretaries to Members of MISC 122, and private secretaries to the Secretaries of State for Wales and Northern Ireland and the private secretary to Sir Robert Armstrong.

Yours sincerely
Rob Smith
R L SMITH
Private Secretary

EDUCATION: TEACHERS PAY: PL6

TEACHERS' PAY AND DUTIES

1. At the meeting at ACAS on 7 March the ACAS panel asked that the various interests represented should put on paper a brief indication of the main issues and of their position on them. This paper is the Government's response to that request.

2. The Government believes that the teaching profession is of outstanding importance to the future of the country. As was stated in paragraph 1 of the White Paper "Teaching Quality" (Cmnd 8836, published in March 1983):

"The teacher force... is the major single determinant of the quality of education. The supply, initial training, appointment and subsequent career development and deployment of school teachers are of vital concern to the Government and to the nation."

3. The Government has developed, both in "Teaching Quality" and in the March 1985 White Paper "Better Schools" (Cmnd 9469), policies for the improvement of school education in England and Wales. The Government believes that, over a period, pupils' achievements can be considerably improved. For this goal to be reached there must be a teaching force of the right quality which is properly trained, motivated, managed and paid.

4. The experience of the last few years has deepened the Government's conviction that these matters cannot be tackled in isolation one from another. To consider pay alone is not enough. The real need is to set the teaching profession on a new footing for the future. Moreover, given the need to maintain firm control over public expenditure (in the interests of reducing inflation, interest rates and taxation) and to ensure that resources are available to support growth and fuller employment throughout the economy, this new deal, while providing greater job satisfaction and better career prospects for teachers, will also need to ensure that the resources used in education

are deployed to maximum advantage.

5. With that in mind, the Government sees the principal issues which need to be tackled as follows:

- the creation of a pay structure giving more pay to effective teachers and offering pay levels and promotion prospects which will attract, retain and motivate people of the right quality in each part of the country. The pay structure also has to meet schools' needs for mathematicians, physicists and others in short supply. (In paragraph 7 there is a brief description of one possible practical application of these broad principles.) The Government has already acknowledged that good teachers should be paid more. However, to devote scarce resources to an undifferentiated increase without restructuring would not begin to deal with the problems of the profession.
- levels of pay should be looked at in today's circumstances rather than in relation to historical comparisons, which are crucially dependent upon the choice of base date. The exercise must also take account of the Government's objective of keeping public expenditure under control and what the taxpayer and ratepayer can afford.
- a formal clarification of teachers' duties covering the full range of their professional responsibilities. This clarification should be imported into the individual teacher's contract of employment. Any clarification will need to recognise the distinction between duties undertaken under the direction of the head teacher and those duties (such as preparation and marking) which are discharged at a time and place of the teacher's own choosing. It is possible to set a period of time within which the former duties must be performed;

how and when the latter set of duties is performed must be left to the professional discretion of the teacher. If there is to be improved performance and quality in the schools, it is vital that teachers should know what is expected of them; their employers and indeed society as a whole should know what they can reasonably expect of teachers.

- the introduction of more systematic management at both local education authority (LEA) and school level, both to oversee the performance by teachers of their specified duties and to establish effective arrangements for the appraisal, in-service training, deployment, and career progression of teachers.
- the arrangements for settling teachers' pay and conditions of service together in the future. The current arrangements (with pay negotiated in the Burnham Primary and Secondary Committee and conditions in CLEA/ST) have not delivered satisfactory results. The Government would welcome proposals for changes in current arrangements that would offer the prospect of being a real improvement on present arrangements and allow pay and conditions of service to be determined in the same forum as part of an integrated package.
- the restoration of morale amongst teachers whose committed and conscientious performance is vital to the achievement of the Government's educational objectives and the raising of educational standards. The Government believes that changes along the lines set out above would restore morale and improve opportunities for career progression on merit.

6. On 5 August 1985 the Secretary of State for Education and Science made a statement setting out the Government's position. This is attached as Annex A. The statement includes the Government's

provisional view of what teachers' duties should be: since then the Government has accepted that midday supervision should not lie within the range of teachers' duties. The statement also announced the Government's willingness to see additional expenditure in future years if a satisfactory agreement could be reached on a new pay structure and a definition of duties. In the autumn it was announced that £40 million a year would be devoted to new arrangements for midday supervision. The Government remains willing to release the rest of the extra resources from 1986-87, by increasing public expenditure provision and contributing its share through the Rate Support Grant mechanism, if a satisfactory agreement can be reached. The Government has made no new commitment to allow for extra spending on teachers' pay. When the ACAS-assisted negotiations are complete, their conclusions will be considered in full by the Government.

7. On 12 September 1985 the Management Panel made a unanimous offer designed to meet the conditions for the release of extra resources announced on 5 August. The terms of this offer are at Annex B. It was rejected by the Teachers' Panel and subsequently overtaken by a revised Burnham offer. The Government believes, however, that the 12 September package included important elements which ought to be reflected in any future agreement. These were the incorporation of a clear definition of teachers' duties; better induction arrangements for new entrants; appraisal for all to help professional development and to inform management decisions; far more promotions - an extra 74,000 or one-fifth of all teachers excluding heads and deputies; better opportunities for rewarding good teachers and teachers with skills which are in short supply; and better rewards for the heads and deputies who are responsible for running the schools. Attention is called to the 12 September package because it illustrated one way of establishing a closer link between pay and performance and responsibility. Other models are clearly possible.

Department of Education and Science

26 March 1986

5 AUGUST 1985

STATEMENT BY SECRETARY OF STATE FOR EDUCATION AND SCIENCE

The Government's plans for Better Schools depend on a well qualified and well trained teaching force committed to achieving the planned improvements in curriculum, examinations and standards of achievement. Work in hand to improve initial and in-service teacher training is all directed towards making our schools better.

The recent fall in school rolls has sharply reduced promotion opportunities. The Government believes a substantial improvement in teachers' career prospects is needed. That is why I told the local authority associations and the teacher unions in May - filling out and confirming the offer made in July 1984 - that the Government would be willing to provide conditionally some additional resources for teachers' pay in 1986-87. The condition is an acceptable and firm agreement in principle by October 1985 which would ensure progress towards the Government's objectives. This timing would enable those resources to be incorporated in the Rate Support Grant settlement for 1986-87. Little clear progress has so far been made in response to this initiative, and disruption in the schools has continued. It is essential to achieve a lasting settlement which will enable school work to proceed steadily, and which will support the necessary improvements in quality.

In order to make the position clear the Government has decided to announce the level of the additional resources which, if acceptable progress is made by October, it would be willing to provide for teachers' pay by local education authorities in 1986-87 and over the three following years. These resources are additional to what would be provided in the course of normal annual public expenditure planning and pay negotiations.

As I made clear in May, the Government is looking for a firm agreement by October which would ensure progress towards two broad objectives.

1. A clear definition of the range of teachers' duties linked to their contracts of employment. I issued in May a note setting out the Government's provisional view of these duties (of which a copy is attached).

2. A pay structure providing substantially more promotion opportunities for the better teachers to higher scales than are at present available combined with promotion arrangements and differentials designed to recruit and motivate teachers of the right quality across whole range of school responsibilities.

The Government looks for an agreement under which it would be explicitly recognised that employing authorities would take account of all relevant factors - including their assessments of the quality of individual teachers' work, the responsibilities attached to particular posts, the demand for specific skills and qualifications, and the difficulty of filling particular posts - in considering promotion to the higher scales.

Provided acceptable agreements on these issues are reached by October, and there is an end to disruption in the schools, the Government would be willing to provide for up to an additional £200 million expenditure by local education authorities on teachers' pay in England and Wales in 1986-87, rising in broadly equal steps to a maximum of up to £450 million in 1989-90. The Government would be willing to see part of those resources used to help pay for the mid-day supervision of schools by teachers, or by other persons, if it is agreed that such supervision should not form part of teachers' standard duties.

I must emphasise that there will not be any addition for this purpose to the 1986-87 Rate Support Grant settlement unless acceptable agreements are reached by October and there is an end to disruption. There is still time for agreements to be reached. I urge the teacher unions to end their plans for further disruption, and direct their energies to negotiating the necessary agreements and to the education of the pupils in the schools.

Government's provisional view of teachers' duties enclosed in letter from
Sir Keith to Councillor Philip Merridale, 21 May 1985

STATEMENT OF TEACHERS' DUTIES

Teachers must

Pupils

1. teach assigned timetabled classes
2. take an appropriate share of collective staff responsibility to cover the classes of absent colleagues
3. plan, prepare, evaluate and review personal teaching methods and programmes in accordance with education authority and school policies
4. take an appropriate share of collective staff responsibility to supervise pupils on arrival at and departure from school and during the school day [including the midday break?]
5. mark, record and report on pupils' work (including homework) and progress in accordance with education authority and school policies
6. provide guidance and counsel on educational, social and career matters in accordance with education authority and school pastoral and counselling policies

Parents

7. consult and liaise with parents, attending meetings arranged for the purpose

Curriculum & Examinations

8. take part in arrangements for presenting pupils in public examinations
9. contribute to the preparation and development of courses of study and teaching materials in response to change in public examinations and assessment procedures and in accordance with education authority and school curricular policies

Staff Matters

10. take part in performance appraisal in accordance with education authority arrangements
11. take part in courses of in-service training and other schemes of professional development
12. take an appropriate share of collective staff responsibility for the professional development of colleagues, including new entrants to teaching
13. attend staff meetings

General

14. carry out such other related duties and responsibilities at the school as may be reasonably allocated, as need arises, by the head.

P&S Committee
11th September 1985

MANAGEMENT PANEL PROPOSALS FOR IMPROVED
 PAY AND CAREER STRUCTURE

1. The Management Panel submits the following set of proposals in an earnest attempt to resolve the current dispute in the interests of the profession itself, local education authorities and, not least, pupils and parents.
2. The Secretary of State's conditional offer to release additional resources of £200 million in 1986/87 rising to £450 million by 1989/90 has made it possible to put forward new proposals, but financial constraints continue to mean that the improvements we are offering will need to be phased over a period.
3. The Secretary of State's proposal to increase the total of LEA expenditure on which rate support grant would be paid in 1986/87 is dependent upon satisfactory progress being achieved by October 11th towards an agreement which meets the government's objectives. The Management Panel feel that it is essential that this offer is grasped so that additional money can find its way into teachers' pockets next year and that the opportunity can be taken of improving career structure and promotion prospects of teachers.
4. The proposals now put forward therefore form a total package which needs to be considered as a whole.

CURRENT SALARIES

5. The first stage in the Management Panel's package is for an offer as follows:-

	<u>Paybill</u>		<u>Increase for</u>	
	<u>Cost</u>	<u>Cost</u>	<u>Individual Teacher</u>	
	<u>1985/86</u>	<u>1986/87</u>	<u>Highest</u>	<u>Lowest</u>
(i) From 1st April 1985 an increase of £480 or 5% on all scale points and allowances (except London and Social Priority Allowances)	5.43	5.43	8.82	5.00
(ii) From 1st September 1985 the merger of Scale 1 and 2 on the understanding that scale 1 teachers would be expected to undertake the duties of teachers currently on scale 2	-	-	4.09	3.65

	<u>Paybill</u>		<u>Increase for</u>	
	<u>Cost</u> <u>1985/86</u>	<u>Cost</u> <u>1986/87</u>	<u>Individual Teacher</u> <u>Highest</u>	<u>Lowest</u>
(iii) From 1st November 1985 a further 1% increase (on the base) on all salary points	0.42	1%	1%	1%
(iv) From 31st March 1986 all teachers on their salary maximum to receive an additional increment. (Teachers on scale 1 will benefit from the merger of scales 1/2 and will not be affected.)	-	1.65	4.9	3.4
TOTAL	5.85	8.08		

6. Clearly, the cost of the additional increment takes up part of the additional resources for 1986/87 earmarked by the Secretary of State.

MIDDAY SUPERVISION

7. An additional call on these resources from 1986/87 is to deal with the supervision of pupils during the midday break. The Management Panel has asked the local authority Associations to consider a scheme to enhance the support available to headteachers during the midday break. This will involve payments to teachers, or others, undertaking these duties on separate contracts.

IMPROVEMENTS IN THE CAREER STRUCTURE AND PROMOTION PROSPECTS OF TEACHERS

8. The Management Panel also propose significant improvements to the career structure from September 1986.
9. The Management Panel has designed the following set of proposals drawing on the common understanding of the professional role of teachers in schools. It has taken into account the criticisms and shortcomings of the existing arrangements and built on its strengths. This has had to be done bearing in mind the financial limits set by the Secretary of State.
10. Within these limits the Management Panel has been able to put forward significantly improved promotion opportunities for teachers. These promotions will be used to meet a variety of criteria and will include: rewarding those undertaking additional responsibilities; recognising that the school's curricular requirements call for a greater input of skills and experience which are in short supply; acknowledging that the schools location places special demands on the teachers or where the exceptional performance of the teacher's duties call for additional recognition.
11. The acceptance of a systematic system of appraisal should enhance teaching quality and the professional development of all teachers. In addition the outcomes of appraisal should be directly relevant when judgements are made about promotion. These proposals are put forward in the expectation that all parties will co-operate in the development of a scheme of appraisal. An early start would be needed to make a worthwhile contribution to a national framework for appraisal within which LEAs would develop their own schemes.

12. All the salary figures that follow reflect the employers' offer for improvements in current salaries set out in paragraph 6. The comparative figures are shown in Appendix I.

Entry Grade £7035 to £7278 (points 5 and 6 of Scale 1)

13. All newly appointed teachers will serve two years on this grade. During this time, their performance will be appraised. Provided that they satisfy the criteria for transfer, they will move to the Teacher Grade. During the first year on the grade the teaching load will be reduced to 90% of the normal load in the school.
14. All such teachers will receive counselling, support and induction to afford every opportunity to attain the standard necessary to progress their career.
15. Further development of the Entry Grade arrangements will be needed in discussion with the Teachers.
16. The starting salary matches that currently paid to graduates but additional salary arrangements might be needed for mature entrants.

Teacher Grade £8037 to £10,509 (point 9 of scale 1 to point 7 of scale 3)

17. All teachers currently being paid below the grade minimum will be lifted to that point by the time the first EG teachers arrive there, other teachers will transfer on their existing point. This will benefit teachers on the lower points and give increases up to 14.0% in some cases in the first year.
18. Teachers will be expected to undertake the following duties based on a contractual provision common to all teachers on this grade:-

Pupils

1. teach assigned classes
2. take an appropriate share of collective staff responsibility to cover the classes of absent colleagues
3. plan, prepare, evaluate and review personal teaching methods and programmes in accordance with education authority and school policies
4. take an appropriate share of collective responsibility to supervise pupils on arrival at and departure from school and during the school day, including before and after the midday break
5. mark, record and report on pupils' work (including homework) and progress in accordance with education authority and school policies
6. provide guidance and counsel on educational, social and career matters in accordance with education authority and school pastoral and counselling policies

Parents

7. consult and liaise with parents, attending meetings arranged for the purpose

Curriculum and Examinations

8. take part in arrangements for presenting pupils in public examinations

9. contribute to the preparation and development of courses of study and teaching materials in response to change in public examinations and assessment procedures and in accordance with education authority and school curricular policies

Staff Matters

10. take part in performance appraisal in accordance with education authority arrangements
11. take part in courses of in-service training and other schemes of professional development
12. take an appropriate share of collective staff responsibility for the professional development of colleagues, including new entrants to teaching
13. attend staff meetings

General

14. carry out such other related duties and responsibilities at the school as may be reasonably allocated, as need arises, by the head.

Senior Teacher Grade £9456 to £12,087 (point 4 of scale 3 to point 6 of scale 4)

19. In addition to those of the Teacher Grade, duties of the Senior Teacher Grade would include:-
 - (a) Acting as a curricular consultant throughout the school.
 - (b) Taking a leading professional role in the review, development and management of assigned curricular, pastoral or organisational activities.
 - (c) Acting as a mentor to newly appointed teachers.
 - (d) Taking responsibility for the school in the brief absence of the head where there are no posts above senior teacher.
20. This promotion post would be available in schools in the ratio of one senior teacher grade for every two posts on teacher grade (including entry grade) with a detailed formula to be worked out.
21. In all but the smallest primary schools, 67% of teachers would be on the teacher grade and 33% on the senior teacher grade. Achieving this proportion would give promotions to 30,000 teachers currently on scales 1 and 2.
22. In the majority of secondary schools, 25% of teachers would be on this grade and lead to promotions for 23,000 teachers in those schools who are currently on scales 1 and 2.
23. This grade would accommodate those teachers on scale 3 who were not promoted to Principal Teacher Grade. Those on the lower points would benefit from being assimilated to the new minimum.

Principal Teacher Grade £11,298 to £14,658 (point 4 of scale 4 to max.
of senior teacher plus one increment)

24. In addition to the duties set out for other grades, Principal Teachers would duties would include being accountable for:-

supervising, directing, monitoring and appraising the performance of a group of teachers including observing lessons and scrutiny of schemes of work.

25. Such posts would only be established in schools in Group 8 and above. They would be introduced on a sliding scale so that in the average size of secondary school one post in every four will be on this grade. The Management Panel would wish to retain discretion for authorities to exceed the national provision in this respect.
26. The proposals provide for the promotion of some 21,000 teachers as well as for the movement of teachers on the lower points of scale 4 to the new minimum point.

ADDITIONAL ALLOWANCES

27. Even with the changes introduced there will be other specific management duties to be undertaken. These duties will vary in their nature and duration, some may be continuing, others may be completed in a term or year, depending on the circumstances of each school. It is felt to be necessary to set a minimum figure on each allowance and to set a limit to the total expenditure available in each school.
28. It is suggested that the minimum allowances should be set at £500 and be available only in schools in group 8 and above in the following annual amounts:-

Group 8	-	£1,000
Groups 9 & 10	-	£1,500
Groups 11 & 12	-	£2,000
Groups 13 & 14	-	£2,500

29. LEAs would have discretion to appoint Senior Teachers, Principal Teachers and to pay the allowances in paragraph 29 beyond the limits referred to.
30. These allowances would be paid to senior or principal teachers as determined by the authority.

Review of Age Weighting System

31. The Management Panel has been critical of the effect of the existing age weighting system and intends to review this in the near future. There is concern at the effect of the current system on both Primary and Secondary schools. The proposals below are based on the existing system.

DEPUTY HEADS

32. The post and title is retained and differentials improved to produce the following salary levels. These have been phased over two years in the case of Groups 5 to 10 and are based on existing age weightings.

<u>Proposed Salary Maxima from</u>		<u>Management Panel's increased offer</u>	
<u>1.9.86</u>	<u>1.9.87</u>	<u>from 1.9.86 over scale maxima at</u>	
		<u>1.11.85</u>	
	£	£	%
1&2	12,087		16.9
3	12,189		17.9
4	12,300		10.7
5	12,633	12,900	6.2
6	13,167	13,400	7.9
7	14,199	14,400	10.5
8	14,922	15,100	11.0
9	15,433	15,600	9.0
10	16,266	16,400	8.5
11	17,247		10.0
12	18,150		10.0
13	18,669		10.0
14	19,461		10.0

HEADS

33. For head teachers the Management Panel propose to adjust existing pay differentials to recognise the new tasks that will be expected of head teachers.

<u>Group</u>	<u>Proposed Salary Maxima</u>	<u>Management Panel's increased offer</u>
	<u>from 1.9.86</u>	<u>from 1.9.86 over scale maxima at</u>
		<u>1.11.85</u>
	£	%
1	12,714	12.6
2	13,026	11.0
3	13,572	11.0
4	14,571	11.0
5	15,669	11.0
6	16,689	11.0
7	17,625	11.0
8	18,780	11.0
9	20,133	11.0
10	21,345	11.0
11	22,953	11.0
12	24,363	11.0
13	25,599	11.0
14	26,994	11.0

SPECIAL SCHOOLS

34. These proposals cover the majority of teachers in maintained schools but do not cover the arrangements for special schools. The Management Panel expects the same principles to be applied to special schools.

13/9/DOC

SALARY SCALES REFLECTING
EMPLOYERS' OFFER

APPENDIX 1

Table
Point Existing Salary Increase of £480/5% + 1%

0	5442	5976
1	5694	6231
2	5883	6423
3	6072	6612
4	6252	6795
5	6489	7035
6	6732	7278
7	6975	7524
8	7230	7782
9	7482	8037
10	7734	8292
11	8004	8565
12	8280	8844
13	8556	9123
14	8886	9456
15	9207	9774
16	9597	10173
17	9915	10509
18	10287	10905
19	10659	11298
20	11031	11694
21	11403	12087
22	11931	12648
23	12363	13104
24	12963	13740
25	13395	14199
26	N/A	14658

NEW STRUCTURE
FROM 1.9.86

(This does not take into
account the salary increase
payable from 1.4.86).

ENTRY

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£ increase %inc.

534	9.81
537	9.43
540	9.18
540	8.89
543	8.69
546	8.41
546	8.11
549	7.87
552	7.63
555	7.42
558	7.21
561	7.01
564	6.81
567	6.63
570	6.41
573	6.23
576	6.00
594	5.99
618	6.01
639	5.99
663	6.01
684	6.00
717	6.01
741	5.99
777	5.99
804	6.00
N/A	N/A

APPENDIX 2

Deputy Heads Teachers Scale maximum at Offer Level.

<u>Group</u>	<u>Current maximum</u>	<u>Maximum with 6% Increase</u>
	£	£
Below 4	9,753	10,338
4	10,482	11,112
5	11,223	11,895
6	11,514	12,204
7	12,123	12,849
8	12,681	13,443
9	13,356	14,157
10	14,142	14,991
11	14,790	15,678
12	15,567	16,500
13	16,011	16,971
14	16,689	17,691

Head Teachers Scale Maximum at Offer Level

<u>Group</u>	<u>Current Maximum</u>	<u>Maximum with 6% increase</u>
	£	£
1	10,653	11,292
2	11,073	11,736
3	11,535	12,228
4	12,384	13,128
5	13,317	14,115
6	14,184	15,036
7	14,979	15,879
8	15,963	16,920
9	17,112	18,138
10	18,141	19,230
11	19,509	20,679
12	20,706	21,948
13	21,756	23,061
14	22,941	24,318



CONFIDENTIAL

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10 DOWNING STREET

From the Private Secretary

26 March 1986

Dear Sir,

GOVERNMENT EVIDENCE TO THE ACAS PANEL

We discussed yesterday the proposed Government issues paper for the ACAS panel, circulated with your Secretary of State's minute to the Prime Minister of 24 March.

The Prime Minister is content with the revision to paragraph 6 about resources proposed by the Chief Secretary in his letter to Sir Keith Joseph of 25 March.

You told me that Sir Keith Joseph is considering the amendment proposed by the Chief Secretary to the last sentence in paragraph 5, which discusses possible future arrangements for determining pay and conditions together. The Prime Minister would I think be content with whatever Sir Keith and the Chief Secretary were able to agree on this. The Prime Minister would also be content to see a stronger reference to geographical variation of pay.

I am copying this letter to other members of MISC 122 and Michael Stark (Cabinet Office).

[Handwritten signature]

David

DAVID NORGROVE

Rob Smith, Esq.,
Department of Education and Science

CONFIDENTIAL

gfw



020
Prime Minister

2
Dew
26/3.

NBP 24

SCOTTISH TEACHERS' INQUIRY

I am glad to report that Sir Peter Main has accepted the chairmanship of the inquiry which I announced on 6 March; and that my four first choices for membership have also accepted.

I propose to announce the appointments by means of an arranged PQ on Wednesday 26 March. The text of the draft reply is attached.

I am copying this to members of MISC 122 and Sir Robert Armstrong.

MR.

M R

25 March 1986

HMP08410

HOUSE OF COMMONS

[]: To ask the Secretary of State for Scotland whether he will now announce the names of the persons appointed to the Committee of Inquiry into the pay, conditions of service and management of the teaching profession in Scotland which he announced on 6 March.

MR MALCOLM RIFKIND:

I have appointed the following five persons to form the Committee:

Sir Peter Main (Chairman), formerly Chairman, The Boots Co. plc,
member of Scottish Development Agency

Professor Christopher Blake, Bonar Professor of Applied Economics,
University of Dundee

Sister Maire T Gallagher, Headteacher, Notre Dame High School,
Dumbarton

James S Gordon CBE, Managing Director, Radio Clyde

Robert G E Peggie CBE, Chief Executive (until 31 March 1986),
Lothian Regional Council

The Committee will begin its work immediately. As I told the House on 6 March, I have asked it to report by the end of the summer.

SCOTTISH OFFICE



CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

NBP 7.

25 March 1986

Dear Keith,

GOVERNMENT EVIDENCE TO THE ACAS PANEL

WITH DN?

Thank you for sending me a copy of your minute of 24 March to the Prime Minister, requesting comments on the draft Government evidence to the independent panel.

My main problem is with paragraph 6, which does not make clear in the way that your Written Answer of 19 March did, that apart from the 5 August offer the Government has made no new commitment to allow for extra spending on teachers' pay. The last two sentences do not relate the Government's willingness to provide extra funds to the remainder of the £1250 million, after deducting the midday supervision money, and thereby give the impression that unspecified and maybe larger amounts of extra money are available. I must therefore ask that the last two sentences of paragraph 6 should be replaced by the following passage:

"The Government remains willing to release the rest of these extra resources from 1986-87, by increasing public expenditure provision and contributing its share of the cost through the Rate Support Grant mechanism, if a satisfactory agreement can be reached. The Government has made no new commitment to allow for extra spending on teachers' pay. When the ACAS-assisted negotiations are complete, its conclusions will be considered in full by the Government."

I could not agree to the paper going forward without this change being made. If we could not reach agreement on such a formulation the only alternative would be to put no Government paper in and refer the panel to the 5 August statement and 19 March Written Answer.

CONFIDENTIAL

I have two other suggestions of which I attach greater importance to the first. I think we should state a positive preference for future arrangements providing for the negotiation of pay and conditions of service together. This would involve changing the last sentence of paragraph 5 to read as follows:

"The Government would welcome proposals for changes in current arrangements that would allow pay and conditions of service to be determined in the same forum as part of an integrated package."

Second, I would like to see a stronger reference to geographic variation of pay in the first indent to the fifth paragraph. I propose the first sentence should be revised to:

"the creation of a pay structure giving more pay to effective teachers and offering pay levels and promotion prospects which will attract, retain and motivate people of the right quality, including mathematicians, physicists and others in short supply and taking account of the recruitment and retention situation in different areas of the country."

I am copying this letter to the members of MISC 122 and to Sir Robert Armstrong.

Yours ever,
jl

JOHN MacGREGOR

CONFIDENTIAL



Prime Minister

GOVERNMENT EVIDENCE TO THE ACAS PANEL

I have seen Keith Joseph's minute and paper of 24 March.

I have little comment on the substance of his paper. The evidence which my Department will be giving to the Scottish Inquiry will necessarily be somewhat different in its presentation, to take account the different circumstances, although the basic messages - on the need to get a tighter grip on contracts, and on affordability - will be essentially the same.

The main question is whether a paper of this sort from the Government will cause the ACAS process to break down. I must leave the judgement on that to those who are closer to the Burnham scene, but I should have thought that if the main parties to the negotiations are so anxious to keep the process going it would require a rather more obviously destructive intervention by the Government to cause the negotiations to break down.

Copies of this minute go to members of MISC 122 and to Sir Robert Armstrong.

MR

M R

25 March 1986

HMP08431

EDUCATION Teachers Pay 976



PRIME MINISTER

GOVERNMENT EVIDENCE TO THE ACAS PANEL

You saw last night the proposed Government evidence to the ACAS panel.

After further discussion today, the paragraph on resources has been strengthened in a helpful way, though still without mentioning the £1¹/₄ billion. This part now reads:

"In the Autumn it was announced that £40 million a year would be devoted to new arrangements for midday supervision. The Government remains willing to release the rest of the extra resources from 1986-87 by increasing public expenditure provision and contributing its share of the cost through the rate support grant mechanism, if a satisfactory agreement can be reached. The Government has made no new commitment to allow for extra spending on teachers' pay. When the ACAS-assisted negotiations are complete, their conclusions will be considered in full by the Government."

This formulation seems to me an improvement. It clarifies the position on the extra resources offered last August, linking them to the outcome of the ACAS-assisted negotiations, but without absolutely ruling out the provision of resources beyond that. The Government can therefore claim, as the success of the discussions requires, that the discussions are unfettered.

The other significant change is a proposal from the Treasury to include a sentence:

"The Government would welcome proposals for changes in current arrangements that would allow pay and conditions of service to be determined in the same ^{forum} ~~formula~~ as part of an integrated package."

DES are not sure about this. John Wiggins points out that pay and conditions are already determined in the same ^{forum} formula in Scotland and this has not proved much of a help. I suggest DES and the Treasury can sort this out between them.

DNW

mb

DAVID NORRGROVE

25 March 1986

SL2AGM

CONFIDENTIAL

NBPO

MR NORRGROVE

25 March 1986

EVIDENCE ON TEACHERS' PAY TO ACAS

The proposed DES evidence to the ACAS enquiry is unsatisfactory.

- It gives an apparently open-ended commitment on extra resources (paragraph 6).
- It gives the impression that last September's compromise pay proposals represent model terms (paragraph 7). This could be awkward if, as DES expect, the ACAS talks collapse. The Government would not then wish to have so fully endorsed the September proposals in advance of giving, hopefully, rather different evidence to the independent enquiry.
- No mention is made of the need for geographical variations in pay.

The employers' side have written to Keith Joseph expressing concern about the Government giving any evidence to the ACAS enquiry. Surely the right solution is for Keith Joseph to write back to the employers agreeing not to give evidence provided that they fully accept that the Government's position on extra resources remains unchanged.

Peter Warry

PETER WARRY



CCB
Prem
Q

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon The Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON SW1

24 March 1986

Dear Willie

Good letter

Prime Minister +

Bob

Mr

26/3

TEACHERS' PAY DISPUTE

You may be interested to see the attached letter which I am putting out to all of our backbenchers bringing them abreast of developments.

Copies of this letter and enclosure go to members of Cabinet, the Chief Whip and Sir Robert Armstrong.

Encl

Kear



HOUSE OF COMMONS
LONDON SW1A 0AA

24 March 1986

I can well understand that your constituents would like to know when we shall see a permanent solution to the teachers' dispute.

It is good news that the teachers' pay claim for 1985 has at last been settled (giving them 6.9% backdated to 1 April 1985, and a further 1.6%, making 8.5% in all, from 31 March 1986 - well ahead of the rate of inflation). It is also good that talks are proceeding under the auspices of ACAS which will span pay levels, pay structure; appraisal and training; and a clear definition of the contractual duties and responsibilities of teachers and their employers.

Unfortunately, this has not brought a complete end to disruption in the schools. The NUT is still urging its members to continue forms of disruption short of strike action, such as refusing to cover for absent colleagues and refusing to attend meetings outside school hours. And some members of other unions have not yet returned to what most people would see as full normal working. There is surely even less excuse for continued disruption now that we have a pay settlement for 1985 and while talks on the longer term are in progress.

Your correspondents may well wonder whether the ACAS talks will bring about a permanent solution. None of us can offer a confident answer, but the talks do represent movement. There is not in England and Wales the deadlock which the Government decided to break by setting up an inquiry into the teachers' dispute in Scotland. Following the announcement of an inquiry the employers in Scotland settled with their teachers on the basis of 7% backdated to April 1985, 2% from January 1986, and 5.5% from April 1986.

The talks under ACAS auspices will cover the 1986 pay claim in England and Wales. Those talks have a long way to go. A solution will need to include a new pay structure providing substantially more promotion opportunities for effective teachers, and a clear definition of the range of teachers' duties linked to their contracts of employment. I set out last year a list of what the Government thinks those duties should be. We do not think



the supervision of pupils at midday should lie within the range of teachers' duties and we are now making separate arrangements for midday supervision. For the rest, the list with one exception does not go beyond what teachers have traditionally done. The one exception is systematic appraisal of performance which will bring more and better in-service training and career development to teachers who at present experience haphazard, unsystematic forms of appraisal.

The Government remains ready to devote extra resources to teachers' pay if a satisfactory agreement can be reached. Last summer we offered to allow extra spending on teachers' pay in return for an agreement covering pay, pay structure and duties which would help achieve our objectives for better schools giving pupils a better education. Now all these interconnected issues are on the agenda again in the ACAS-assisted negotiations. When that process is complete, its conclusions will be considered in full.

If your constituent would be interested to read a fuller statement of my position, you might refer them to my article in "Today" of Monday 10 March, a copy of which is attached.

Yours ever,

Kear

WHERE are we now over the tragic and long drawn-out teachers' dispute? When will peace return to the classrooms?

When will our children once more start receiving a full, uninterrupted education in the schools?

These are the questions I ask. I have asked them with increasing concern during the past year. To a large extent, the answers lie with the teaching union leaders, and with Mr Fred Jarvis of the National Union of Teachers in particular.

Nevertheless, let me try to set the scene. Can we now look forward with some optimism to a return to that constructive partnership between teacher and parent which is so necessary for the welfare and education of children?

At long last, thanks to the intervention of ACAS, and to the constructive co-operation of all but one of the teacher unions, agreement on this year's teachers' pay has been reached. Teachers will receive a rise of 6.9 per cent backdated to April 1, 1985. From March 31 this year, that becomes an 8.5 per cent increase.

So we have a deal on pay. But parents will know that it is not only pay which has been at dispute during the past 13 months.

Just as important is the dispute about what teachers are paid to do. What are their duties? Are teachers, for example, to attend meetings after school hours?

Although these are things which the good conscientious teacher has done for years, some unions now say that these are voluntary unpaid activities.

For me, it is duties and not pay which has been at the heart of the dispute. The Government accepts that good teachers should be paid more. We want to get people of the right quality into schools. We want them to stay there and we want them to give their best to pupils. During the past two years what was previously grumbling by teachers about their pay has turned into a reduction in candidates to be teachers and a trickle of good teachers quitting.

The Government has accepted the need for more pay to enable good teachers to be

recruited and retained. As long ago as last August, I said we were prepared to see an extra £1,250 million spent on teachers' pay during the next four years on top of whatever pay increases negotiated are during that time. It was not an open offer. There were strings.

His concerns about the future:
● Still-striking teachers receiving increased pay benefits.

at the heart of the dispute. Pay and what teachers are paid to do must go together.

His concerns about children:
● Too many are semi-literate after 11 years of education.
● They lack understanding of modern technology.

by Sir Keith Joseph

'Too many children complete their years of schooling unable to read or write, go beyond simple arithmetic or express their ideas clearly'

First, there must be a better career structure with many more promotions to reward the effective teachers. Second, there must be a proper appraisal system tied to better in-service training and professional development.

Third — and the Government is absolutely convinced of this after the past unhappy year — teachers must be clearly bound to do certain things in return for their — better — pay. Teachers' duties need to be defined. We want better pay opportunities for teachers in return for a clear understanding of what they are paid to do.

That's why we have set aside the extra £1,250 million. Pay and what you are paid to do must go together.

The tragedy is that they have become separated in teaching.

We must all hope they can be brought together in the talks which started at ACAS on Friday. The two sides have agreed to constructive negotiations spanning pay levels,

pay structure, appraisal and training, and the range of teachers' contractual duties.

We must all wish the talks well — nothing would please me more than constructive progress which would enable me to release the extra £1,250 million over the next four years.

But for the moment I am very relieved that we at last have a 1985 pay settlement for England and Wales. I am pleased that the teachers — many of whom have not engaged in disruption — will soon start receiving pay at April 1985 rates. So delayed is the increase that they will be getting a lump sum of 12 months' back increase in pay.

I continue to be dismayed, however, at the threat of continued disruption to children's education now being made by the leaders of the National Union of Teachers.

They have refused to instruct their members to return to normal work, in spite of this recent agreement and in spite of the fact that their members will be drawing the pay increase. I am appalled that disruption to children's education should continue. I appeal to all teachers to return to normal working. That's what parents and pupils expect. They have every

right to expect it.

Parents and children in Scotland have suffered even more disruption to education over an even longer period of time. Unlike the teachers in England and Wales, no agreement equivalent to that just achieved through ACAS has been reached in Scotland.

That is why Malcolm Rifkind, the Scottish Secretary of State, has just announced he is setting up an independent committee of inquiry to cover the same sort of ground as the negotiations in England and Wales. I only hope, for the sake of the children, that the outcome north and south of the border will be a satisfactory, long-term agreement.

So, the answers to the questions I posed at the start of this article are that peace and stability, and full uninterrupted education for our children, ought to be restored forthwith, now, this very week, north and south of the border.

Interim agreements have been made and disruption should cease. At the same time, work has now begun to find a lasting solution to all the outstanding issues and especially the definition of teachers' duties. With genuine goodwill all round, it ought to be possible to reach agreement by the autumn. If, in spite of all of that, disruption does continue, the blame will rest fairly and squarely on those union leaders calling for such disruption.

I know the vast majority of the teachers in the schools, in the classrooms, want to get on with the job of teaching. They do care for the children in their charge.

They would surely hate a continuation of the animosity which has arisen over the past year's disruption.

Teachers have an important and difficult job. They often have to do it in very difficult circumstances. However, I can never accept that a professional person, no matter what the grievance, is entitled to take that grievance out on his or her clients — in this case, the children. I hope we can put that behind us and join together once more in the pursuit of better education and better schools.

Ultimately, that is what it is all about. Schools exist for the children, for the education of those children. It is well to

'For me it has been duties, not pay, which have been at the heart of the dispute'

remind ourselves from time to time of that simple fact.

There is another equally basic worry. That is, in spite of the efforts of innumerable dedicated teachers and the very considerable sums of money we are now spending on education, many children are not achieving anything like enough from

school education.

Too many children complete their 11 years of compulsory schooling unable to read and write properly, unable to go beyond simple arithmetic, unable to formulate ideas and express them clearly.

But beyond these basic skills, which we all need, today's child needs an awareness and understanding of the world.

What they also need, perhaps more importantly, is an

understanding of tomorrow's technology, of science and engineering, and of communications technology.

Even more important, our children need values, moral and spiritual.

They need religious education, and they need the aesthetic subjects such as music and art.

They also need an understanding of the heritage and

civilisation of which they are a vital part. All my efforts are directed towards giving our children the best possible education, which amounts to the best possible start in life.

That is why our efforts to improve the pay and career opportunities of teachers will continue to be tied to progress on defining their duties.



PRIME MINISTER

GOVERNMENT EVIDENCE TO THE ACAS PANEL

Sir Keith Joseph seeks your approval to a position statement which the Government could put before the independent panel appointed by ACAS.

This has been discussed at official level but is not yet formally agreed interdepartmentally.

The draft seems to raise all the right issues. The only paragraph which gave me pause was paragraph 6, which discusses resources. It refers to the offer made last August, without mentioning the figure of £1 1/4 billion. However the omission seems inevitable if the Government is to maintain the line that the Scottish inquiry, and with it the ACAS process, are not cash limited in advance.

Agree the proposed statement, subject to the views of colleagues?

DN

Yes

(David Norgrove)

24 March 1986

ce BG

PRIME MINISTER

GOVERNMENT EVIDENCE TO THE ACAS PANEL

As you know, we invited our officials to agree through MISC 122 a position statement which the Government could put before the independent panel appointed by ACAS.

In drafting that paper, I have been conscious that it needs to be fully consistent with the recent answers which Malcolm Rifkind and I have given on the subject in the House and that it should not provoke the local authorities or the unions into breaking up the ACAS exercise. We must always remember that both sides are waiting in the wings to blame us for the failure of these talks. When the management panel met last Friday, some employers even queried the Government's right to put in its own paper and I now have the attached letter from the leader of the employers asking me not to put in a separate statement because it would place the talks in immediate jeopardy!

Against this background, we should certainly emphasise both our conditional commitment and the limits to it - as I have done by attaching my August 5 1985 statement. It is all too likely that the talks will break down sooner or later because of the deep differences between and among employers and unions - provided that we don't allow them to hide their differences by breaking off the talks at once and putting the blame on us. I have tried in the draft paper attached to strike the right balance and I hope that colleagues will now be content for this to go forward as the Government's opening position paper.

We have been asked to put it in before Easter so I should be grateful for comments by close of play on Tuesday.

Copies of this letter and its attachment go to members of MISC 122 and Sir Robert Armstrong.

K.J.

5 AUGUST 1985 *ANNEX A*

STATEMENT BY SECRETARY OF STATE FOR EDUCATION AND SCIENCE

The Government's plans for Better Schools depend on a well qualified and well trained teaching force committed to achieving the planned improvements in curriculum, examinations and standards of achievement. Work in hand to improve initial and in-service teacher training is all directed towards making our schools better.

The recent fall in school rolls has sharply reduced promotion opportunities. The Government believes a substantial improvement in teachers' career prospects is needed. That is why I told the local authority associations and the teacher unions in May - filling out and confirming the offer made in July 1984 - that the Government would be willing to provide conditionally some additional resources for teachers' pay in 1986-87. The condition is an acceptable and firm agreement in principle by October 1985 which would ensure progress towards the Government's objectives. This timing would enable those resources to be incorporated in the Rate Support Grant settlement for 1986-87. Little clear progress has so far been made in response to this initiative, and disruption in the schools has continued. It is essential to achieve a lasting settlement which will enable school work to proceed steadily, and which will support the necessary improvements in quality.

In order to make the position clear the Government has decided to announce the level of the additional resources which, if acceptable progress is made by October, it would be willing to provide for teachers' pay by local education authorities in 1986-87 and over the three following years. These resources are additional to what would be provided in the course of normal annual public expenditure planning and pay negotiations.

As I made clear in May, the Government is looking for a firm agreement by October which would ensure progress towards two broad objectives.

1. A clear definition of the range of teachers' duties linked to their contracts of employment. I issued in May a note setting out the Government's provisional view of these duties (of which a copy is attached).

2. A pay structure providing substantially more promotion opportunities for the better teachers to higher scales than are at present available combined with promotion arrangements and differentials designed to recruit and motivate teachers of the right quality across whole range of school responsibilities.

The Government looks for an agreement under which it would be explicitly recognised that employing authorities would take account of all relevant factors - including their assessments of the quality of individual teachers' work, the responsibilities attached to particular posts, the demand for specific skills and qualifications, and the difficulty of filling particular posts - in considering promotion to the higher scales.

Provided acceptable agreements on these issues are reached by October, and there is an end to disruption in the schools, the Government would be willing to provide for up to an additional £200 million expenditure by local education authorities on teachers' pay in England and Wales in 1986-87, rising in broadly equal steps to a maximum of up to £450 million in 1989-90. The Government would be willing to see part of those resources used to help pay for the mid-day supervision of schools by teachers, or by other persons, if it is agreed that such supervision should not form part of teachers' standard duties.

I must emphasise that there will not be any addition for this purpose to the 1986-87 Rate Support Grant settlement unless acceptable agreements are reached by October and there is an end to disruption. There is still time for agreements to be reached. I urge the teacher unions to end their plans for further disruption, and direct their energies to negotiating the necessary agreements and to the education of the pupils in the schools.

STATEMENT OF TEACHERS' DUTIES

Teachers must

Pupils

1. teach assigned timetabled classes
2. take an appropriate share of collective staff responsibility to cover the classes of absent colleagues
3. plan, prepare, evaluate and review personal teaching methods and programmes in accordance with education authority and school policies
4. take an appropriate share of collective staff responsibility to supervise pupils on arrival at and departure from school and during the school day [including the midday break?]
5. mark, record and report on pupils' work (including homework) and progress in accordance with education authority and school policies
6. provide guidance and counsel on educational, social and career matters in accordance with education authority and school pastoral and counselling policies

Parents

7. consult and liaise with parents, attending meetings arranged for the purpose

Curriculum & Examinations

8. take part in arrangements for presenting pupils in public examinations
9. contribute to the preparation and development of courses of study and teaching materials in response to change in public examinations and assessment procedures and in accordance with education authority and school curricular policies

Staff Matters

10. take part in performance appraisal in accordance with education authority arrangements
11. take part in courses of in-service training and other schemes of professional development
12. take an appropriate share of collective staff responsibility for the professional development of colleagues, including new entrants to teaching
13. attend staff meetings

General

14. carry out such other related duties and responsibilities at the school as may be reasonably allocated, as need arises, by the head.

MANAGEMENT PANEL PROPOSALS FOR IMPROVED
PAY AND CAREER STRUCTURE

1. The Management Panel submits the following set of proposals in an earnest attempt to resolve the current dispute in the interests of the profession itself, local education authorities and, not least, pupils and parents.
2. The Secretary of State's conditional offer to release additional resources of £200 million in 1986/87 rising to £450 million by 1989/90 has made it possible to put forward new proposals, but financial constraints continue to mean that the improvements we are offering will need to be phased over a period.
3. The Secretary of State's proposal to increase the total of LEA expenditure on which rate support grant would be paid in 1986/87 is dependent upon satisfactory progress being achieved by October 11th towards an agreement which meets the government's objectives. The Management Panel feel that it is essential that this offer is grasped so that additional money can find its way into teachers' pockets next year and that the opportunity can be taken of improving career structure and promotion prospects of teachers.
4. The proposals now put forward therefore form a total package which needs to be considered as a whole.

CURRENT SALARIES

5. The first stage in the Management Panel's package is for an offer as follows:-

	<u>Paybill</u>		<u>Increase for</u>	
	<u>Cost</u> <u>1985/86</u>	<u>Cost</u> <u>1986/87</u>	<u>Individual Teacher</u> <u>Highest</u>	<u>Lowest</u>
(i) From 1st April 1985 an increase of £480 or 5% on all scale points and allowances (except London and Social Priority Allowances)	5.43	5.43	8.82	5.00
(ii) From 1st September 1985 the merger of Scale 1 and 2 on the understanding that scale 1 teachers would be expected to undertake the duties of teachers currently on scale 2	-	-	4.09	3.65

	<u>Paybill</u>		<u>Increase for</u>	
	<u>Cost</u> <u>1985/86</u>	<u>Cost</u> <u>1986/87</u>	<u>Individual</u> <u>Highest</u>	<u>Teacher</u> <u>Lowest</u>
(iii) From 1st November 1985 a further 1% increase (on the base) on all salary points	0.42	1%	1%	1%
(iv) From 31st March 1986 all teachers on their salary maximum to receive an additional increment. (Teachers on scale 1 will benefit from the merger of scales 1/2 and will not be affected.)	-	1.65	4.9	3.4
TOTAL	5.85	8.08		

6. Clearly, the cost of the additional increment takes up part of the additional resources for 1986/87 earmarked by the Secretary of State.

MIDDAY SUPERVISION

7. An additional call on these resources from 1986/87 is to deal with the supervision of pupils during the midday break. The Management Panel has asked the local authority Associations to consider a scheme to enhance the support available to headteachers during the midday break. This will involve payments to teachers, or others, undertaking these duties on separate contracts.

IMPROVEMENTS IN THE CAREER STRUCTURE AND PROMOTION PROSPECTS OF TEACHERS

8. The Management Panel also propose significant improvements to the career structure from September 1986.
9. The Management Panel has designed the following set of proposals drawing on the common understanding of the professional role of teachers in schools. It has taken into account the criticisms and shortcomings of the existing arrangements and built on its strengths. This has had to be done bearing in mind the financial limits set by the Secretary of State.
10. Within these limits the Management Panel has been able to put forward significantly improved promotion opportunities for teachers. These promotions will be used to meet a variety of criteria and will include: rewarding those undertaking additional responsibilities; recognising that the school's curricular requirements call for a greater input of skills and experience which are in short supply; acknowledging that the schools location places special demands on the teachers or where the exceptional performance of the teacher's duties call for additional recognition.
11. The acceptance of a systematic system of appraisal should enhance teaching quality and the professional development of all teachers. In addition the outcomes of appraisal should be directly relevant when judgements are made about promotion. These proposals are put forward in the expectation that all parties will co-operate in the development of a scheme of appraisal. An early start would be needed to make a worthwhile contribution to a national framework for appraisal within which LEAs would develop their own schemes.

12. All the salary figures that follow reflect the employers' offer for improvements in current salaries set out in paragraph 6. The comparative figures are shown in Appendix I.

Entry Grade £7035 to £7278 (points 5 and 6 of Scale 1)

13. All newly appointed teachers will serve two years on this grade. During this time, their performance will be appraised. Provided that they satisfy the criteria for transfer, they will move to the Teacher Grade. During the first year on the grade the teaching load will be reduced to 90% of the normal load in the school.
14. All such teachers will receive counselling, support and induction to afford every opportunity to attain the standard necessary to progress their career.
15. Further development of the Entry Grade arrangements will be needed in discussion with the Teachers.
16. The starting salary matches that currently paid to graduates but additional salary arrangements might be needed for mature entrants.

Teacher Grade £8037 to £10,509 (point 9 of scale 1 to point 7 of scale 3)

17. All teachers currently being paid below the grade minimum will be lifted to that point by the time the first EG teachers arrive there, other teachers will transfer on their existing point. This will benefit teachers on the lower points and give increases up to 14.0% in some cases in the first year.
18. Teachers will be expected to undertake the following duties based on a contractual provision common to all teachers on this grade:-

Pupils

1. teach assigned classes
2. take an appropriate share of collective staff responsibility to cover the classes of absent colleagues
3. plan, prepare, evaluate and review personal teaching methods and programmes in accordance with education authority and school policies
4. take an appropriate share of collective responsibility to supervise pupils on arrival at and departure from school and during the school day, including before and after the midday break
5. mark, record and report on pupils' work (including homework) and progress in accordance with education authority and school policies
6. provide guidance and counsel on educational, social and career matters in accordance with education authority and school pastoral and counselling policies

Parents

7. consult and liaise with parents, attending meetings arranged for the purpose

Curriculum and Examinations

8. take part in arrangements for presenting pupils in public examinations

9. contribute to the preparation and development of courses of study and teaching materials in response to change in public examinations and assessment procedures and in accordance with education authority and school curricular policies

Staff Matters

10. take part in performance appraisal in accordance with education authority arrangements
11. take part in courses of in-service training and other schemes of professional development
12. take an appropriate share of collective staff responsibility for the professional development of colleagues, including new entrants to teaching
13. attend staff meetings

General

14. carry out such other related duties and responsibilities at the school as may be reasonably allocated, as need arises, by the head.

Senior Teacher Grade £9456 to £12,087 (point 4 of scale 3 to point 6 of scale 4)

19. In addition to those of the Teacher Grade, duties of the Senior Teacher Grade would include:-

(a) Acting as a curricular consultant throughout the school.

(b) Taking a leading professional role in the review, development and management of assigned curricular, pastoral or organisational activities.

(c) Acting as a mentor to newly appointed teachers.

(d) Taking responsibility for the school in the brief absence of the head where there are no posts above senior teacher.

20. This promotion post would be available in schools in the ratio of one senior teacher grade for every two posts on teacher grade (including entry grade) with a detailed formula to be worked out.

21. In all but the smallest primary schools, 67% of teachers would be on the teacher grade and 33% on the senior teacher grade. Achieving this proportion would give promotions to 30,000 teachers currently on scales 1 and 2.

22. In the majority of secondary schools, 25% of teachers would be on this grade and lead to promotions for 23,000 teachers in those schools who are currently on scales 1 and 2.

23. This grade would accommodate those teachers on scale 3 who were not promoted to Principal Teacher Grade. Those on the lower points would benefit from being assimilated to the new minimum.

Principal Teacher Grade £11,298 to £14,658 (point 4 of scale 4 to max.
of senior teacher plus one increment)

24. In addition to the duties set out for other grades, Principal Teachers would duties would include being accountable for:-

supervising, directing, monitoring and appraising the performance of a group of teachers including observing lessons and scrutiny of schemes of work.

25. Such posts would only be established in schools in Group 8 and above. They would be introduced on a sliding scale so that in the average size of secondary school one post in every four will be on this grade. The Management Panel would wish to retain discretion for authorities to exceed the national provision in this respect.

26. The proposals provide for the promotion of some 21,000 teachers as well as for the movement of teachers on the lower points of scale 4 to the new minimum point.

ADDITIONAL ALLOWANCES

27. Even with the changes introduced there will be other specific management duties to be undertaken. These duties will vary in their nature and duration, some may be continuing, others may be completed in a term or year, depending on the circumstances of each school. It is felt to be necessary to set a minimum figure on each allowance and to set a limit to the total expenditure available in each school.

28. It is suggested that the minimum allowances should be set at £500 and be available only in schools in group 8 and above in the following annual amounts:-

Group 8	-	£1,000
Groups 9 & 10	-	£1,500
Groups 11 & 12	-	£2,000
Groups 13 & 14	-	£2,500

29. LEAs would have discretion to appoint Senior Teachers, Principal Teachers and to pay the allowances in paragraph 29 beyond the limits referred to.

30. These allowances would be paid to senior, or principal teachers as determined by the authority.

Review of Age Weighting System

31. The Management Panel has been critical of the effect of the existing age weighting system and intends to review this in the near future. There is concern at the effect of the current system on both Primary and Secondary schools. The proposals below are based on the existing system.

DEPUTY HEADS

32. The post and title is retained and differentials improved to produce the following salary levels. These have been phased over two years in the case of Groups 5 to 10 and are based on existing age weightings.

<u>Proposed Salary Maxima from</u>		<u>Managmenet Panel's increased offer</u>	
<u>1.9.86</u>	<u>1.9.87</u>	<u>from 1.9.86 over scale maxima at</u>	
		<u>1.11.85</u>	<u>%</u>
£	£		
1&2 12,087			16.9
3 12,189			17.9
4 12,300			10.7
5 12,633	12,900		6.2
6 13,167	13,400		7.9
7 14,199	14,400		10.5
8 14,922	15,100		11.0
9 15,433	15,600		9.0
10 16,266	16,400		8.5
11 17,247			10.0
12 18,150			10.0
13 18,669			10.0
14 19,461			10.0

HEADS

33. For head teachers the Management Panel propose to adjust existing pay differentials to recognise the new tasks that will be expected of head teachers.

<u>Group</u>	<u>Proposed Salary Maxima</u>	<u>Management Panel's increased offer</u>
	<u>from 1.9.86</u>	<u>from 1.9.86 over scale maxima at</u>
		<u>1.11.85</u>
	£	%
1	12,714	12.6
2	13,026	11.0
3	13,572	11.0
4	14,571	11.0
5	15,669	11.0
6	16,689	11.0
7	17,625	11.0
8	18,780	11.0
9	20,133	11.0
10	21,345	11.0
11	22,953	11.0
12	24,363	11.0
13	25,599	11.0
14	26,994	11.0

SPECIAL SCHOOLS

34. These proposals cover the majority of teachers in maintained schools but do not cover the arrangements for special schools. The Management Panel expects the same principles to be applied to special schools.

13/9/DOC

SALARY SCALES REFLECTING
EMPLOYERS' OFFER

APPENDIX 1

Scale Existing of £480/5%
Point Salary + 1%

£ increase %inc.

NEW STRUCTURE
FROM 1.9.86

(This does not take into
account the salary increase
payable from 1.4.86).

0	5442	5976
1	5694	6231
2	5883	6423
3	6072	6612
4	6252	6795
5	6489	7035
6	6732	7278
7	6975	7524
8	7230	7782
9	7482	8037
10	7734	8292
11	8004	8565
12	8280	8844
13	8556	9123
14	8886	9456
15	9207	9774
16	9597	10173
17	9915	10509
18	10287	10905
19	10659	11298
20	11031	11694
21	11403	12087
22	11931	12648
23	12363	13104
24	12963	13740
25	13395	14199
26	N/A	14658

ENTRY

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534	9.81
537	9.43
540	9.18
540	8.89
543	8.69
546	8.41
546	8.11
549	7.87
552	7.63
555	7.42
558	7.21
561	7.01
564	6.81
567	6.63
570	6.41
573	6.23
576	6.00
594	5.99
618	6.01
639	5.99
663	6.01
684	6.00
717	6.01
741	5.99
777	5.99
804	6.00
N/A	N/A

Deputy Heads Teachers Scale maximum at Offer Level.

<u>Group</u>	<u>Current maximum</u>	<u>Maximum with 6% Increase</u>
	£	£
Below 4	9,753	10,338
4	10,482	11,112
5	11,223	11,895
6	11,514	12,204
7	12,123	12,849
8	12,681	13,443
9	13,356	14,157
10	14,142	14,991
11	14,790	15,678
12	15,567	16,500
13	16,011	16,971
14	16,689	17,691

Head Teachers Scale Maximum at Offer Level

<u>Group</u>	<u>Current Maximum</u>	<u>Maximum with 6% increase</u>
	£	£
1	10,653	11,292
2	11,073	11,736
3	11,535	12,228
4	12,384	13,128
5	13,317	14,115
6	14,184	15,036
7	14,979	15,879
8	15,963	16,920
9	17,112	18,138
10	18,141	19,230
11	19,509	20,679
12	20,706	21,948
13	21,756	23,061
14	22,941	24,318

CONFIDENTIAL

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DRAFT ISSUES PAPER FOR ACAS

1. At the meeting at ACAS on 7 March the ACAS panel asked that the various interests represented should put on paper a brief indication of the main issues and of their position on them. This paper is the Government's response to that request.
2. The Government believes that the teaching profession is of outstanding importance to the future of the country. As was stated in paragraph 1 of the White Paper "Teaching Quality" (Cmnd 8836, published in March 1983):

"The teacher force... is the major single determinant of the quality of education. The supply, initial training, appointment and subsequent career development and deployment of school teachers are of vital concern to the Government and to the nation."
3. The Government has developed, both in "Teaching Quality" and in the March 1985 White Paper "Better Schools" (Cmnd 9469), policies for the improvement of school education in England and Wales. The Government believes that, over a period, pupils' achievements can be considerably improved. For this goal to be reached there must be a teaching force of the right quality which is properly trained, motivated, managed and paid.
4. The experience of the last few years has deepened the Government's conviction that these matters cannot be tackled in isolation one from another. To consider pay alone is not enough. The real need is to set the teaching profession on a new footing for the future. Moreover, given the need to maintain firm control over public expenditure (in the interests of reducing inflation, interest rates and taxation) and to ensure that resources are available to support growth and fuller employment throughout the economy, this new deal, while providing

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greater job satisfaction and better career prospects for teachers, will also need to ensure that the resources used in education are deployed to maximum advantage.

5. With that in mind, the Government sees the principal issues which need to be tackled as follows:

- the creation of a pay structure giving more pay to effective teachers and offering pay levels and promotion prospects which will attract, retain and motivate people of the right quality throughout the country, *the pay structure also has to meet schools' needs for* including mathematicians, physicists and others in short supply. (In paragraph 7 there is a brief description of one possible practical application of these broad principles.) The Government has already acknowledged that good teachers should be paid more. However, to devote scarce resources to an undifferentiated increase without restructuring would not begin to deal with the problems of the profession.
- levels of pay should be looked at in today's circumstances rather than in relation to historical comparisons, which are crucially dependent upon the choice of base date. The exercise must also take account of the Government's objective of keeping public expenditure under control and what the taxpayer and ratepayer can afford.
- a formal clarification of teachers' duties covering the full range of their professional responsibilities. This clarification should be imported into the individual teacher's contract of employment. Any clarification will need to recognise the distinction between duties undertaken under the direction of the head teacher and those duties (such as preparation and marking)

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which are discharged at a time and place of the teacher's own choosing. It is possible to set a period of time within which the former duties must be performed; how and when the latter set of duties is performed must be left to the professional discretion of the teacher. If there is to be improved performance and quality in the schools, it is vital that teachers should know what is expected of them; their employers and indeed society as a whole should know what they can reasonably expect of teachers.

- the introduction of more systematic management at both local education authority (LEA) and school level, both to oversee the performance by teachers of their specified duties and to establish effective arrangements for the appraisal, in-service training, deployment, and career progression of teachers.
- the arrangements for settling teachers' pay and conditions of service together in the future. The current arrangements (with pay negotiated in the Burnham Primary and Secondary Committee and conditions in CLEA/ST) have not delivered satisfactory results. The Government would welcome proposals for new arrangements which offer the prospect of being a real improvement on the present ones. *changes - current arrangements that would allow pay & conditions of service to be determined in the same forum as best part an integrated package*
- the restoration of morale amongst teachers whose committed and conscientious performance is vital to the achievement of the Government's educational objectives and the raising of educational standards. The Government believes that changes along the lines set out above would restore morale and improve opportunities for career progression on merit.

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6. On 5 August 1985 the Secretary of State for Education and Science made a statement setting out the Government's position. This is attached as Annex A. The statement includes the Government's provisional view of what teachers' duties should be: since then the Government has accepted that midday supervision should not lie within the range of teachers' duties. The statement also announced the Government's willingness to see additional expenditure in future years if a satisfactory agreement could be reached on a new pay structure and a definition of duties. In the autumn it was announced that £40 million a year would be devoted to new arrangements for midday supervision. The Government remains willing to provide extra resources from 1986-87, if a satisfactory agreement can be reached. When the ACAS-assisted negotiations are complete, its conclusions will be considered in full by the Government.

figures not repeated.

The Government has made no commitment to allow for extra spending on teachers' pay

7. On 12 September 1985 the Management Panel made a unanimous offer designed to meet the conditions for the release of extra resources announced on 5 August. The terms of this offer are at Annex B. It was rejected by the Teachers' Panel and subsequently overtaken by a revised Burnham offer. The Government believes, however, that the 12 September package included important elements which ought to be reflected in any future agreement. These were the incorporation of a clear definition of teachers' duties; better induction arrangements for new entrants; appraisal for all to help professional development and to inform management decisions; far more promotions - an extra 74,000 or one-fifth of all teachers excluding heads and deputies; better opportunities for rewarding good teachers and teachers with skills which are in short supply; and better rewards for the heads and deputies who are responsible for running the schools.

Attention is called to the 12 September package because it illustrated one way of establishing a closer link between pay and performance and responsibility. Other models are clearly possible.

CONFIDENTIAL

BURNHAM AND ALLIED COMMITTEES
(MANAGEMENT, AUTHORITIES' AND GOVERNORS' PANEL)

SECRETARY
B. J. RUSBRIDGE
Tel: 01-235 6081

41 BELGRAVE SQUARE
LONDON SW1X 8NZ

21 March 1986 .

Dear Keith,

TEACHERS' PAY AND CONDITIONS: ACAS LED TALKS

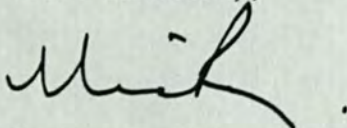
At the Management Panel's meeting today, agreement was reached on an opening position statement to be put to the ACAS Panel. We were however disturbed to hear from your officials that the Department had in mind to submit to the ACAS Panel a separate position statement of their own.

It goes without saying that we want the ACAS talks to succeed. Our fear is that a separate Government statement would immediately call in question with the unions our ability to participate wholeheartedly in the ACAS led talks, thereby placing them in immediate jeopardy.

While it is true that Sir John Wood has indicated a willingness to accept statements from all parties, we do not see how this can include those who are not separate signatories to the original ACAS agreement. This reservation is especially strong in view of our firm position that the NUT (as a non-signatory to the original agreement) should not be admitted to the talks on their own terms.

We therefore ask that the Department does not submit its own separate statement to the ACAS panel. If, as the talks develop, it is felt essential for separate views of Government to be conveyed to the ACAS Panel, we trust that any such statement will first be put to the Management Panel for their observations, just as your officials have been able to comment on our position statement.

Yours sincerely,



Chairman of the Management Panel

Rt Hon Sir Keith Joseph MP
Secretary of State
Department of Education & Science.

P 01977

RESTRICTED

From: J B UNWIN
21 March 1986

MR WIGGINS

TEACHERS' PAY

cc Mr Roberts
Mr Norgrove - No 10

CCBG
COPY FOR

Prime Minister 2
DLW
24/3.

I understand from the Scottish Office that Sir Peter Main has agreed to be Chairman of the Scottish Inquiry. The Scottish Office are now telephoning the other potential members of the team, and aim to make an announcement before Easter.

2. They have also appointed a Secretary. He is Ian Gordon, a Principal (earmarked for early promotion) in the Education Finance Branch, said to be extremely able and well versed in public expenditure. As you know, the original idea had been to find someone from outside the Education Departments, but the Treasury and DES are apparently content with this nomination. Mr Gordon has served in Whitehall (in the Department of Energy), and so has some Whitehall experience in the event of the Inquiry being extended to England and Wales.

3. I have varying reports on the progress of the ACAS talks. The impression in Scotland is that ACAS will try to keep in step with the Scottish Inquiry, and perhaps suspend their own conclusions until they see how the Scottish Inquiry is coming out. DES also confirm that ACAS are investing a great deal of effort in the exercise, and do not want to let it break down. There are, however, growing tensions between the LEAs and the unions. Mrs Harrison intends to press the NAS/UWT very hard before their Easter Conference to deliver their part of the agreement on normal working. This is in part to enable the employers to put more pressure on the NUT. They are at present firmly resolved to oppose NUT participation in the Panel discussions unless the NUT also call off disruption in schools. So there could be a bust up before too long, despite the efforts ACAS will be making to keep the show on the road.

J B UNWIN

J B UNWIN

RESTRICTED

DA



file

10 DOWNING STREET

From the Private Secretary

20 March 1986

Dear Robert

SCOTTISH TEACHERS' INQUIRY

The Prime Minister discussed the Chairmanship of the Scottish Teachers' Inquiry with your Secretary of State after Cabinet this morning, and agreed that the appointment should now be offered to Sir Peter Main.

I am copying this to Rob Smith (Department of Education and Science), Richard Mottram (Ministry of Defence), Jill Rutter (Chief Secretary's Office) and Michael Stark (Cabinet Office).

David

(David Norgrove)

Robert Gordon, Esq.,
Scottish Office.

CONFIDENTIAL: APPOINTMENTS IN CONFIDENCE

SKW

David

IP
to see

See your letter to the
Scottish Off. 18/3 at May.

The attached Hansard
extract answers the Bf.

Content ?

Yrs sincerely.

Pony

10/4.

above for 1981 to 1985 represented 3 per cent., 4 per cent., 3 per cent., 3 per cent., and 2 per cent. respectively of this total.

Inspectors of Schools (1985 Report)

Mr. Flannery asked the Secretary of State for Education and Science when he will publish the 1985 report of Her Majesty's Inspectors of Schools.

Sir Keith Joseph: I hope to publish the next report by Her Majesty's Inspectors on the effects of local authority expenditure policies on education provision in England towards the end of May.

New Schools

Mr. Frank Field asked the Secretary of State for Education and Science if he will list the number of new (i) primary and (ii) secondary schools opened in each year since 1955-56; and what is the number and proportion of these schools which are (a) voluntary aided and (b) voluntary controlled.

Mr. Dunn: The information is not available centrally.

Goods and Services (Payment)

Mr. Ottaway asked the Secretary of State for Education and Science what is the average time it takes his Department to pay suppliers of goods and services to his Department.

Sir Keith Joseph: Detailed records are not kept, but payment is generally made within 28 days of delivery of goods or completion of services, or in accordance with the terms of a specific contract.

Mr. Nicholas Weever

Mr. Pawsey asked the Secretary of State for Education and Science when he may expect to secure a reply to his letters of 29 November 1985 and 6 February referring to Mr. Nicholas Weever of the School of Architecture.

Mr. Walden: I replied to the letter of 29 November on 24 February. The Department has no record of the receipt of my hon. Friend's letter of 6 February.

Teachers' Pay

Mr. Peter Bruinvels asked the Secretary of State for Education and Science if he will make a statement about the latest position on teachers' pay.

Sir Keith Joseph: The Government want to see better opportunities for better teachers, and better schools giving pupils a better education. Last summer we offered to allow extra spending on teachers' pay in return for an agreement covering pay, pay structure and duties which would help achieve those objectives. Now all these inter-connected issues are on the agenda again, in the ACAS-assisted negotiations in England and Wales and the independent inquiry in Scotland. My right hon. and learned Friend the Secretary of State for Scotland and I have made no new commitment to allow for extra spending on teachers' pay. When each process is complete, its conclusions will be considered in full. As my right hon. Friend the Prime Minister made clear on Thursday, the normal formula arrangements will continue to apply.

NATIONAL FINANCE

Civil Service (Employment Changes)

Mr. Wigley asked the Chancellor of the Exchequer if he will provide an analysis by Government Department of the change in Civil Service employment between mid 1979 and mid 1985.

Mr. Brooke: The table provides details of staff in post numbers for Government Departments at 1 July 1979 and 1 July 1985 and the changes between the two dates.

Department	SIP at 1 July 1979	SIP at 1 July 1985	Change
Ministry of Agriculture, Fisheries and Food	13,864	11,264	-2,600
Intervention Board for Agricultural Produce	521	701	+180
Inland Revenue	83,398	69,884	-13,514
Customs and Excise	28,400	25,204	-3,196
Department for National Savings	10,544	7,796	-2,748
Her Majesty's Stationery Office	6,629	3,421	-3,208
Treasury*	1,028	3,396	+2,368
Royal Mint	1,339	975	-364
Central Office of Information	1,182	900	-282
Registry of Friendly Societies	114	124	+10
Government Actuary's Department	56	60	+4
National Investment and Loans Office (including National Debt Office)	45	51	+6
Department of Education and science	2,649	2,417	-232
Victoria and Albert Museum†	595	—	-595
Science Museum†	468	—	-468
Department of Employment	22,392	29,503	+7,111
Health and Safety Commission Executive	4,134	3,582	-552
Manpower Services Commission (including Training and Employment Divisions)	25,252	20,583	-4,669
Advisory, Conciliation and Arbitration Service	819	627	-192
Department of Energy	1,257	1,063	-194
Department of the Environment (excluding PSA)	12,201	6,516	-5,685



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

Prime Minister

*Prime Minister!
Content for A. Lynd now to
approach Sir Peter Main?*

*May we have a
word with
before submit
not
DLS
19/6/8*

SCOTTISH TEACHERS' INQUIRY

I understand that you have had to conclude that Lord Fraser of Tullybelton should not be invited to chair the inquiry.

I have been considering further whether Sir Peter Main would be an appropriate Chairman. When we discussed names earlier this week you indicated that you had, in principle, no objection to Sir Peter but were uneasy about appointing him because none of us at the meeting knew him personally. I have spoken to George Younger who appointed Sir Peter to the Scottish Development Agency at the end of last year. George knows Sir Peter and is in no doubt about his soundness and support for Government policy. He feels that we could appoint him with confidence. As you know, Keith has said that he would be very content to see him appointed and regards him as eminently suitable for an England and Wales inquiry later.

I would very much like to announce the names of the Chairman and members of the Committee before the Easter Recess and I should therefore be grateful to have your agreement to approaching Sir Peter and the preferred candidates for membership immediately.

E.R.

I am copying this minute to Keith Joseph, George Younger,
John MacGregor and to Sir Robert Armstrong.

MR

M R

19 March 1986

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APPOINTMENTS IN CONFIDENCE



10 DOWNING STREET

From the Principal Private Secretary

19 March 1986

CHAIRMAN OF THE SCOTTISH TEACHERS' INQUIRY

The Prime Minister discussed this afternoon with the Home Secretary the possibility that Lord Fraser of Tullybelton should chair the Inquiry into the Scottish teachers' pay and conditions. The Home Secretary explained his concern that chairmanship of the Scottish teachers' inquiry would not be compatible with Lord Fraser's Presidency of the Interception Tribunal. It was not so much that he would not have the time - though the Tribunal could receive a substantial number of applications in the early stages of its existence. More important was that chairmanship of the Scottish teachers' inquiry, and of any later English inquiry, could draw Lord Fraser into areas of political controversy and so undermine the judicial impartiality necessary for the success of the Interception Tribunal, whose success was very important for national security.

cleared
AF / After further discussion, the Prime Minister agreed that the requirements of the Interception Tribunal had to take precedence and she would therefore not press for Lord Fraser's appointment as Chairman of the Scottish teachers' inquiry. She would, therefore, like your Secretary of State to give further consideration to the appointment of Sir Peter Main as Chairman of the Committee of Inquiry.

I am copying this letter to the Private Secretaries to the Home Secretary, the Lord President, the Secretary of State for Education and Science, the Chief Secretary, H.M. Treasury, and Sir Robert Armstrong.

N. L. WICKS

Robert Gordon, Esq.,
Scottish Office.

✓ B. CONTACT
SUBJECT
CC. MASTER.

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CC MASTER

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10 DOWNING STREET

From the Private Secretary

18 March 1986

Dear Robert,

INQUIRY INTO SCOTTISH TEACHERS' PAY

The Prime Minister today discussed with your Secretary of State, the Secretary of State for Education and the Chief Secretary who should be the Chairman and Members of the Inquiry into Scottish teachers' pay and conditions.

It was agreed that Lord Fraser of Tullybelton should be first choice as Chairman. Your Secretary of State would need to discuss with the Home Secretary the difficulties Lord Fraser might face in combining chairmanship of the Scottish teachers' pay inquiry with his Presidency of the Tribunal being set up under the Interception of Communications Act.

On Members of the Inquiry, it was agreed that the first choices would be Mr. Robert Peggie, Sister Maire Gallagher, Mr. James Gordon and Professor Christopher Blake.

9F- The meeting concluded with a brief discussion of a form of words on the Government's position on possible additional public expenditure in response to the Scottish Inquiry and the ACAS-assisted negotiations. Those present had copies of Mr. Wiggins' minute to me of 18 March, copy attached. It was agreed that the line to take suggested in that minute would provide a basis for a Written Answer, though the sentences marked with square brackets should be deleted. The Prime Minister invited your Secretary of State and the Secretary of State for Education to agree a final formulation with the Chief Secretary.

I am copying this letter to Jill Rutter (Chief Secretary's Office), Rob Smith (Department of Education and Science) and Michael Stark (Cabinet Office).

David

DAVID NORGROVE

Robert Gordon, Esq.,
Scottish Office

CONFIDENTIAL

GA



CONFIDENTIAL

MR NORGROVE

cc Mr Unwin

Mr Roberts

Teachers' Pay

You asked us to prepare a form of words on the Government's position on possible additional public expenditure in response to the Scottish inquiry and the ACAS-assisted negotiations. I suggest a text on the following lines, which reflects consultation with officials of the Treasury and the two Education Departments:

'The Government want to see better opportunities for better teachers, and better schools and giving pupils a better education. Last summer we offered to permit extra spending on teachers' pay in return for an agreement covering pay, pay structure and duties which would help achieve those objectives. Now all these issues are on the agenda again, in the ACAS--assisted negotiations in England and Wales and the independent inquiry in Scotland. We can make no commitments in advance of the results of these processes. Both are free to reach whatever conclusions they see fit. ~~The Government have made no new commitment to allow for extra spending on teachers' pay.~~ When each process is complete, its conclusions will be considered in full. As I made clear on Thursday, the formula which relates Scottish public expenditure to that in England and Wales will continue to apply.'



2. In seeking to make this text and clear, I have necessarily simplified what is involved in decisions on higher public expenditure on teachers' pay. Last summer's offer included an increase in Aggregate Exchequer Grant, as well as permission to local authorities to increase rate-funded expenditure. The Treasury suggested that the second sentence should say 'we offer to provide for a Government contribution towards additional public expenditure on teachers' pay up to a specified amount conditional on an agreement ...' I have loosely translated this 'permit extra spending on teachers pay ...' Similarly in the penultimate sentence the Treasury proposed 'no new commitment to make additional resources available for teachers pay', where I have again said 'permit extra spending on...' I have accepted the formulation the Government have made no new commitment... which was used by Mr Rifkind last Friday. My vote would have been against the word 'new', on the ground that it prompts questions about existing commitments; but in the context I do not think it would do any harm, and we want to stick closely to what has already been said.

JW

A J WIGGINS
Cabinet Office
18 March 1986

APPOINTMENTS - IN CONFIDENCE

PRIME MINISTER

SCOTTISH TEACHERS' INQUIRY

You are holding a meeting tomorrow morning to discuss the Chairmanship and members of the Scottish Teachers' Inquiry.

Chairman

Mr. Rifkind's first choice is Lord Fraser of Tullybelton. Sir Keith Joseph seems prepared to go along with this. Mr. Tebbit thinks Lord Fraser's age (75) rules him out. Mr. Younger thinks Lord Fraser would be very good.

The Home Secretary however (letter below) has misgivings about Lord Fraser because he is to be the President of the Tribunal set up under the Interception of Communications Act: the political aspects of the teachers' inquiry could taint Lord Fraser in his other role and Lord Fraser will be very busy in the first few months.

Mr. Rifkind's second choice is Sir Donald Maitland and Sir Keith Joseph would be very content with this. Mr. Tebbit is strongly opposed, and the Chancellor thinks Sir Donald Maitland would be better as a member of the Committee.

Sir Peter Main is Mr. Rifkind's third choice. Sir Keith Joseph would be very content to see Sir Peter Main as Chairman, and he is the Chancellor's first choice. Sir Robert Armstrong considered Sir Peter Main as a possible Chairman of one of the Health Review Boards but is not sure how tough and positive a Chairman he would be.

If the meeting decides that Lord Fraser would be the best Chairman, other things being equal, Mr. Rifkind could be invited to discuss the workload etc with the Home Secretary and Sir Robert Armstrong. The meeting could agree on Sir Peter Maitland as second choice (if indeed he is not preferred to Lord Fraser in the first place).

APPOINTMENTS - IN CONFIDENCE

APPOINTMENTS - IN CONFIDENCE

- 2 -

Members of the Committee

The people who are not to be Chairman of the Committee could be considered for membership of it. The Chancellor favoured Sir Donald Maitland as a member.

Mr. Younger had good ^{Robert} comments on Mrs. Peggie, Sister Gallagher, and Messrs. ^{James} Gordon (excellent), Hughes, Blacklaws, Souter, Blake, Mackay and Jack. He was against Mr. Carbery, and the Very Reverend William Johnston, Moderator of the General Assembly of the Church of Scotland (on the grounds that the latter would be too open to pressure from within the Church).

David Norgrove
17 March 1986

JALANJ

L.A.
Reids in Tender / Labours
Headmaster
Prof. 1 Blake
Univ. /
Thurs
Rev. Peggie 57
Gordon 49
Sister Gallagher 52

APPOINTMENTS - IN CONFIDENCE



10 DOWNING STREET

From the Private Secretary

George Younger.

Chairman

1. Lord Fraser - very good,
independent minded, deep know-
ledge & experience
2. Sir Peter Nais.
(didn't know Sir - Eng)

Peggy - good

Gallagher - fine

Didn't know Fraser

James Gordon - excellent

Hughes, Blackburn, Barker OK.

Blake & Rackay fine.

Not Carver.

CS & T Jans OK.


Dorset House Edwards

Jack - fine.

How well clear of Johnston.

Vice-Chancellor

Labour economist.



APPOINTMENTS IN CONFIDENCE

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

17 March 1986

Dear David,

LORD FRASER OF TULLYBELTON

You asked whether the Home Secretary had any views on the possible appointment of Lord Fraser to head the enquiry into Scottish teachers' pay.

As you know, Lord Fraser is President of the Tribunal set up under the Interception of Communications Act. The Act is being brought into force on 10 April, and the Tribunal will be in operation from then. Lord Fraser and the other members have already started preparing themselves for their new duties.

The Tribunal is a central element in the new statutory interception scheme. On receipt of applications it will determine whether warrants have been issued against the complainant and, if they have, whether the Secretary of State properly exercised his powers under the Act. The establishment of the Tribunal was not only necessary to meet the requirements of the ECHR but demonstrates that there is an independent scrutiny of the Secretary of State's very special power to authorise interception. By being able to quash warrants and award compensation a means of redress is made available. The Tribunal is thus an important element in establishing and maintaining public confidence and in protecting this necessary but sensitive work from controversy.

The Home Secretary has two misgivings about the proposal to appoint Lord Fraser. First, the enquiry into teachers' pay and its eventual conclusions are bound to give rise to some political controversy. This would be compounded if, as I believe is possible, Lord Fraser were also asked to undertake an enquiry into the pay of teachers in England and Wales. The Interception Tribunal performs a semi-judicial function by scrutinising in secret the decisions of Secretaries of State. Under the Act the members have to be senior lawyers. The Home Secretary would be concerned if there were any risk that Lord Fraser's name might become a matter of political debate, to the detriment of his independence and stature as President of the Tribunal.

Second, the early months of the Tribunal will be its most important. There may well be a rush of applications when the statutory scheme is first brought into force and it is during this period that the President will have to make his mark upon its

/operations.

David Norgrove, Esq

operations. It is he who has to determine how its work is carried out. He has given every indication that he wishes to have a close personal grip, which we welcome. It would therefore be a great pity if he was taken from this task to any significant extent by an enquiry into teachers' pay, or if he thought that the Government by appointing him to head that enquiry did not attach much significance to his functions as President of the Tribunal.

The Home Secretary does not wish to be in any way unhelpful to his colleagues in the present situation. But for both these reasons he hopes that it will be possible to find somebody other than Lord Fraser to head the proposed enquiry.

Copies of this letter to go the Private Secretaries to the Secretary of State for Education and Science, the Secretary of State for Scotland, the Chief Secretary and Sir Robert Armstrong.

*Yours,
Stephen*

S W BOYS SMITH



Handwritten signature in blue ink, possibly reading 'L. J. ...'.

JCBG



Ref. A086/863

MR WICKS

with DRN?

The Secretary of State for Scotland has sent me a copy of his minute of 11 March about the membership of the Scottish Teachers' Inquiry.

2. I have no comments on (or objections to) the purely Scottish names set out in paragraph 7 of the Secretary of State's minute. I can confirm that Professor Thomas Carbery was highly regarded as a member of the Independent Broadcasting Authority from 1970-1979.

3. As regards the Chairmanship, you will remember that Lord Fraser of Tullybelton is being asked to chair the proposed tribunal under the Interception of Communications Act. I do not suppose that it would be impossible to combine these two Chairmanships, though Lord Fraser is 75.

4. I should have thought that Sir Donald Maitland would be tough and realistic.

5. Sir Peter Main was one of those whom I thought might be considered as a possible Chairman of one of the health review bodies, he is probably excluded from that by the fact that he was formerly a doctor. I am not sure how tough or positive a Chairman he would be.

RIA

ROBERT ARMSTRONG

14 March 1986

EDUCATION: Teachers Pay: Pt 6



COPIED

14

010

CONFIDENTIAL

P 01965

From: J B UNWIN
14 March 1985

MR WIGGINS

cc Mr Langdon
Mr Roberts
Mr Norgrove (for info)

ccBG

fa

17 PM's Box

COPY FOR

SCOTTISH TEACHERS' PAY DISPUTE

Thank you for your minute of today's date, which we briefly discussed. I think that on this occasion we should amend the Minutes, and you told me that this was in hand in consultation with the Scottish Office.

2. On the substance of the issues you describe, I have been concerned for some time about the embarrassment that would arise if the teachers' unions in England and Wales did the arithmetic of the £1.25 billion in relation to the ACAS 1985-86 settlement. As you imply, on the original phasing envisaged for the 4 year period precious little is left for 1986-87.

3. I strongly support your conclusion, therefore, that for the time being it would be better to avoid reference wherever possible to the £1.25 billion and the £125 million for Scotland. The line, as you indicate, must be that the Government remain entirely uncommitted to releasing any extra funds and decisions will have to be taken in the light of the current inquiries. On Scotland, it also needs to be made clear that the offer the Scottish local authorities have made is entirely their own responsibility and will have to be found from out of their own existing resources.

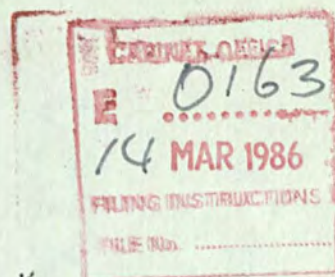
4. I think it would be as well if we got the Education Departments to agree a form of words on this with the Treasury to which everyone will rigidly stick. I should be grateful if you would pursue this with them.

J B UNWIN

CONFIDENTIAL

EDUCATION: Teachers Pay: \$6

CONFIDENTIAL



MR UNWIN

Prime Minister 4

This explains, among other things, the background to your answer about teachers' pay, yesterday.

cc Mr Langdon

Mr Roberts

Mr Norgrove (for information)



DLW
14/3.

SCOTTISH TEACHERS' PAY DISPUTE

Yesterday's Cabinet Minutes record the Scottish Secretary as saying, inter alia:

"The 5.5 per cent offer for 1986-87 was subject to the outcome of the inquiry and to an overall financial limit set by the Government. This was equivalent to the £1.25 million limit set for England and Wales. Local authorities had been informed that if they chose to award more than this, the Government would not make up the difference."

2. This account is different from that given in Mr Rifkind's letter of 12 March to the Chief Secretary (copy attached) and Mr Hillhouse (Scottish Education Department) tells me that it is not correct. The 5.5 per cent offered for 1986-87 is without qualification or condition, and will be paid whatever the outcome of the inquiry. (The Scottish teachers will no doubt be expecting that the inquiry will award them a substantial pay increase on top of that).

CONFIDENTIAL

Mr Rifkind has made clear to the Scottish local authorities that he will not release any additional money to finance the settlement either for 1985-86 or for 1986-87; the local authorities have in effect taken the risk of going ahead on the basis that they will have to find the money out of their own existing resources, and there will be no relaxation of the penalties on over spending.

3. There must now be a good deal of uncertainty about the status of the £1.25 billion (not million) over four years for England and Wales, and the £125 million said to be its Scottish counterpart. The offer to authorise an increase in the Education programme conditional on progress towards the achievement of the Government's educational objectives would, if implemented, permit an average pay increase for teachers of around 8 per cent in excess of 'normal' annual settlements constrained to the allowance for inflation in the public expenditure numbers. The England and Wales settlement - 6.9 per cent for 1985-86, and loaded to 8.5 per cent at the beginning of 1986-87 - thus already preempts 2-3 per cent of the implicit overall allowance, after allowing for a 'normal' pay increase of 3 per cent for 1986-87. The Scottish settlement effectively preempts all, or more than all the corresponding sum conditionally offered for Scotland. Moreover both settlements bring forward expenditure much earlier in the four year period than was contemplated last summer by the Chancellor of the Exchequer. If the Government were now to insist on maintaining the £1.25 million limit and the profile of expenditure over the four year period, there might well prove to be no room at all for any pay restructuring or other steps in response to the results of the Scottish inquiry and the ACAS negotiations.

CONFIDENTIAL

4. For the moment, there is nothing to be done about this; the Government remains entirely uncommitted to releasing any additional funds over any timescale in order to restructure teachers' pay. Rather the Government will have to await the outcome of the inquiry and the negotiations, and then consider what, if any, increases in the Education programmes would be warranted by the packages on pay and conditions which then emerged. Insisting in the meanwhile on predetermined financial limits would almost certainly be seen as an announcement that the teachers could expect no net benefit from the inquiry and the negotiations, whatever their outcomes, and this would certainly have implications for the climate in the schools.

5. Given all these developments, there is clearly going to be difficulty through the summer for the Government in keeping developments in England and Wales and in Scotland broadly in line with each other, and in reaching conclusions on the appropriate response to two processes whose results may differ in important respects. The Government will need to stick firmly to the ten/90ths formula for determining changes in Scottish expenditure in relation to corresponding changes in England and Wales. The implication of this is that we cannot let Scotland get ahead of England and Wales - a situation in which the Scottish inquiry had reported, while the negotiations in England and Wales were continuing interminably, could not be sustained. The moral, of course, is that the sooner the Scottish inquiry can be extended to cover England and Wales, the better.

6. It may finally be worth noting that the £125 million for Scotland presented last summer as the equivalent of the £1.25 billion for England and Wales is inconsistent with the formula - on the basis of the formula the Scottish figure should be £139 million. I understand that Mr Younger

CONFIDENTIAL

accepted this lower figure last summer in the course of some extremely tense discussions with the Chancellor of the Exchequer, on the basis that the phasing of the extra money for Scotland would be different from that for England and Wales, and without either side considering how this could be fitted in with the normal operation of the formula. It seems probable that we shall in practice need to apply the formula precisely when the time comes for the Government to consider what, if any, additional resources should be released in response to the inquiry and the ACAS negotiations.

JW

A J WIGGINS
Economic Secretariat.

14 March 1986.

Attachment:



cc Mr Wiggins
Mr Roberts
Dr Walker

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CABINET OFFICE
A 2732...
12 MAR 1986
FILING INSTRUCTIONS
FILE No.

The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

12 March 1986

Dear John,

TEACHERS

You will want to know how the situation in Scotland has developed since my announcement last Thursday of an independent inquiry.

The announcement was well received by the media and by parents, and welcomed by the employers. The unions, taken by surprise, were initially defensive. I met representatives of both sides, separately, on Friday. It was necessary to explain to the Teachers' Side, as I had done to the House, that the inquiry team will be free to make any recommendations that they think appropriate after hearing the evidence put to them by all parties, including the Government; but I emphasised that the Committee would have to take into particular account what ratepayers and taxpayers could afford. I left them in no doubt that we should want to study the inquiry recommendations as a whole (and the reactions of unions and management to them) before reaching our decision on them. I put these same points to the employers' leaders when I met them on Friday afternoon and particularly stressed that they should be seeking a settlement for 1985/86 within what they knew they could afford. The general result of my discussions seems to be that the unions, while hostile to some of the terms of reference of the inquiry, will collaborate fully with it; the employers certainly will.

The Scottish Joint Negotiating Committee met yesterday. There was some pressure in the preliminary meeting of the Management Side to seek additional resources from the Government, but my representatives said categorically that the employers could not look to Government for any assistance or relief from penalties for overspending. The Teachers' Side argued that the settlement must cover both 1985/86 and 1986/87, since

otherwise they would have to wait until late in the year, after the inquiry had reported before they could get a 1986/87 settlement. They also insisted that the 1985/86 element should be worth at least 0.5% more than the Burnham settlement, on the grounds that they had lost that amount of ground relative to Burnham in 1984/85 (when Scottish teachers were refused but English teachers allowed access to arbitration). The employers were convinced that they would have to meet these demands if disruption were to be ended, and accordingly offered 7% from 1 April 1985 plus 2% (on the 1984/85 base) from 1 January 1986, and a further 5.5% (on the new 1985/86 base) from 1 April 1986. This last figure (5.5%) was apparently agreed within COSLA in consultation with the leaders of the Employers' Side for negotiations on other local authority pay groups and is seen by them as unlikely to prejudice the rest of the present pay round. The settlement will lead to a total increase of 14.9% in 1986/87 over present (1984) rates. The Teachers' Side agreed to recommend this offer to their executives. Subsequently the executives of the 2 largest unions agreed to recommend their members to accept the deal by ballot and to suspend strike action till the ballot results are known. The SSTA have also suspended the exam boycott and the EIS have set in hand procedures to end theirs.

It goes without saying that I should have preferred a more modest settlement. By offering a settlement well above what they have budgeted for the employers have undoubtedly taken great risks. I expect they will shortly come back to me with a formal request for a relaxation of the penalty regime, although they know in advance that I shall refuse it.

We now have the prospect of a rapid return to a reasonable degree of normality in the schools and a considerable improvement in the atmosphere: strike action will cease and the threat to the examinations will be lifted. It is unlikely that curricular development work will fully resume until after the inquiry has reported - but after the delay to the Standard Grade programme it would in any case have taken some time for progress to be resumed, and meantime I expect that a good deal of work will start up whatever the formal position of the unions.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Wales and Northern Ireland and Sir Robert Armstrong.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND

MR FLESHER

I am sorry to pass this bundle of lawyers' papers from Penningtons to you, but, as I told you, Richard Holt is seeking some information from us, which is relevant to the litigation he is engaged in with the NUT.

I am sure you need not wade through the papers; indeed, only the top covering letter seems to me to be relevant. Could you kindly consider whether you could furnish me with a draft which I could send to Richard Holt, conveying the information he is seeking?

MA

MICHAEL ALISON
13.3.86

S Appts

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

PRIME MINISTER

SCOTTISH TEACHERS' INQUIRY

You may want to have my comments when considering Malcolm Rifkind's proposals about the chairman and members of the Scottish Inquiry.

2. I do not think that we should exclude a retired Lord of Appeal as chairman, because such people have great incisiveness and intellectual capacity to bring to bear on matters of this kind. So if a retired Lord of Appeal is to be further considered then perhaps Lord Roskill should be considered alongside Lord Fraser. While he does not have the Scottish connection I understand that he might drive harder. Certainly he would be more transferable to an England and Wales inquiry, should that prove necessary, than would Lord Fraser. But I accept that his lack of Scottish connection is a substantial disadvantage from Malcolm's point of view.

3. On the other hand I should be very content to see either Sir Donald Maitland or Sir Peter Main appointed as chairman. I believe that either would be eminently suitable for an England and Wales inquiry later. As regards Malcolm's reserve choice, Sir Duncan McDonald, I rather feel that his Northern/Scottish base and the apparent narrowness of his experience (as compared with the other candidates) rather count against him. I would find it difficult to see him as chairman of a follow-on England and Wales inquiry and must counsel against him, on that score alone.

4. So far as the proposed members are concerned, I have no in-depth knowledge to contribute. However, it seems to me that the one-plus-four pattern proposed has advantages - big enough to avoid undue prominence for a minority view, should such emerge, yet small enough to be manageable. As regards the balance, I am not convinced of the case for an academic: some of them might tend to subscribe rather uncritically to present arrangements for organising and managing the profession. Should we consider instead a tough-minded industrial or commercial personnel manager who would be able to contribute usefully about the specification and enforcement of contract?

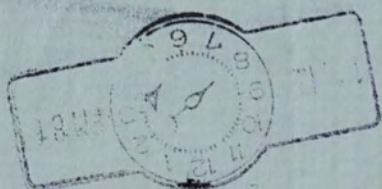
5. I am sending copies of this minute to Malcolm Rifkind, John MacGregor and Sir Robert Armstrong.

KJ

13 March 1986

Department of Education
and Science

EDUCATION: TEACHERS Pay: PL6.





Chancellor of the Duchy of Lancaster

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Tel No: 233 3299
7471

13 March 1986

David Norgrove Esq
Private Secretary to the
Prime Minister
No 10 Downing Street
LONDON
SW1

Dear David

SCOTTISH TEACHERS INQUIRY

I am writing in the absence of Andrew Lansley and in addition to the comments verbally expressed yesterday I hope that it is not too late for the further comments of the Chancellor of the Duchy of Lancaster to be taken into consideration when replying to Mr Rifkind. The Chancellor's comments are as follows:

"Whilst I do not know Lord Fraser and cannot comment on his qualities his age seems to me to rule him out. I strongly oppose Sir Donald Maitland".

I am sending a copy of this letter to Joan MacNaughton.

Yours sincerely

Joanne Barnes

JOANNE BARNES
Assistant Private Secretary

CABINET OFFICE
WHITEHALL LONDON E.C. 4



231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300

PRIME MINISTER

SCOTTISH TEACHERS' INQUIRY

Mr. Rifkind's proposals for membership of the Scottish Teachers' Inquiry are below.

I have also consulted Lord Whitelaw (letter below) and Mr. Tebbit.

Mr. Tebbit's initial reaction was "horror" at the choice of Chairman - he thinks someone far more robust from the private sector is needed. He will call again early tomorrow with any further thoughts.

You might like to consider the proposals overnight. I can then tell you tomorrow any further comments of Mr. Tebbit's.

DAVID NORGROVE

12 March 1986



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

12 March 1986

Dear David

SCOTTISH TEACHERS' INQUIRY

Thank you for your letter of 12 March. The Lord President has considered the minute from the Secretary of State for Scotland to the Prime Minister, and has asked me to pass on to you his comments as follows.

So far as the Chairman of the inquiry is concerned, his only reservation about Lord Fraser of Tullybelton would be on grounds of age; but if others felt that this was not a strong factor in the choice, the Lord President would be prepared to accept him. He has no strong views on the other candidates except to question whether presentationally it would be right to appoint an ex-Permanent Secretary, and to doubt whether Sir Donald Maitland's personal qualities are ideally suited to the task.

The Lord President would support the proposals for Sister Maire Gallagher and James Gordon to be members of the inquiry: he has heard consistently complimentary comments on the former, and knows the latter well himself. He does not know any of the other candidates either personally or by repute, but he does point out that to appoint the Moderator of the General Assembly of the Church of Scotland might not be prudent: the Moderator is always inevitably open to lobbying from the powerful interests within the Church of Scotland, which the Lord President feels he would be bound to represent on the inquiry.

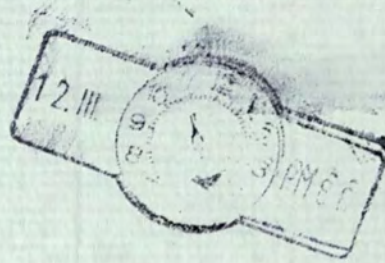
Yours sincerely
Joan.

JOAN MACNAUGHTON
Private Secretary

David Norgrove Esq

EDUCATION, Teacher's Pay Pt 6.

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Pamie Hunter 4

13/3

12 March 1986

Dear Nigel,

FURTHER EDUCATION TEACHING STAFF PAY NEGOTIATIONS 1985

I am writing to report that the Scottish Joint Negotiating Committee for Teaching Staff in Further Education (SJNC(FE)) have now concluded a settlement for the 1985 pay round in respect of lecturers in further education colleges, central institutions and colleges of education. The Management Side offer which was accepted by the Staff Associations after a ballot of their members is slightly higher than the settlement achieved by the Burnham Further Education Committee for lecturers in England and Wales and is in the following terms:-

- a. an across the board increase in the salary scales of 5.7% from 1 April 1985;
- b. a further increase of 1.6% from 1 January 1986 (increasing the pay bill for 1985-86 by 6.1% and the baseline for 1986-87 by 7.3%);
- c. automatic progression from Lecturer B to Senior Lecturer I from the next incremental date ie 1 August 1986.

The Management Side of SJNC(FE) also proposed, and the Staff Side agreed, to a resumption of joint discussions on conditions of service with a view to making speedy progress on a common core of conditions for the whole further education sector; and to reconvene the Joint Working Party on salary structure to report on possible restructuring by 31 March 1986. The Management Side have expressed their willingness to examine the financial implications of any restructuring without commitment.

In the course of negotiations the Staff Side had made it clear that they could not possibly recommend that their members accept an offer which did not at least match the level of inflation at March 1985 (6.1%) and attempted unsuccessfully to persuade the Management Side to increase end-loading to provide an increase in the 1986 baseline of 7.5%. My representatives pointed out that the Government would not provide additional resources for pay increases in 1986 as a result of a settlement for 1985 and that raising the baseline would pre-empt money for the next financial year and would intensify the problems for the employers of funding the next pay award.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Education and Science, Employment, Wales and the Environment and to Sir Robert Armstrong.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Prime Minister²

DKW

12/13

12 March 1986

mt

Dear John,

TEACHERS

You will want to know how the situation in Scotland has developed since my announcement last Thursday of an independent inquiry.

The announcement was well received by the media and by parents, and welcomed by the employers. The unions, taken by surprise, were initially defensive. I met representatives of both sides, separately, on Friday. It was necessary to explain to the Teachers' Side, as I had done to the House, that the inquiry team will be free to make any recommendations that they think appropriate after hearing the evidence put to them by all parties, including the Government; but I emphasised that the Committee would have to take into particular account what ratepayers and taxpayers could afford. I left them in no doubt that we should want to study the inquiry recommendations as a whole (and the reactions of unions and management to them) before reaching our decision on them. I put these same points to the employers' leaders when I met them on Friday afternoon and particularly stressed that they should be seeking a settlement for 1985/86 within what they knew they could afford. The general result of my discussions seems to be that the unions, while hostile to some of the terms of reference of the inquiry, will collaborate fully with it; the employers certainly will.

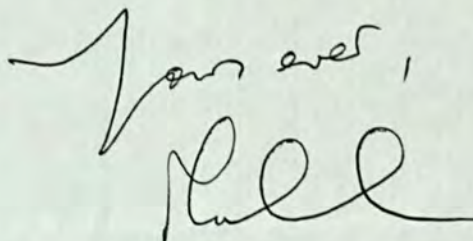
The Scottish Joint Negotiating Committee met yesterday. There was some pressure in the preliminary meeting of the Management Side to seek additional resources from the Government, but my representatives said categorically that the employers could not look to Government for any assistance or relief from penalties for overspending. The Teachers' Side argued that the settlement must cover both 1985/86 and 1986/87, since

otherwise they would have to wait until late in the year, after the inquiry had reported before they could get a 1986/87 settlement. They also insisted that the 1985/86 element should be worth at least 0.5% more than the Burnham settlement, on the grounds that they had lost that amount of ground relative to Burnham in 1984/85 (when Scottish teachers were refused but English teachers allowed access to arbitration). The employers were convinced that they would have to meet these demands if disruption were to be ended, and accordingly offered 7% from 1 April 1985 plus 2% (on the 1984/85 base) from 1 January 1986, and a further 5.5% (on the new 1985/86 base) from 1 April 1986. This last figure (5.5%) was apparently agreed within COSLA in consultation with the leaders of the Employers' Side for negotiations on other local authority pay groups and is seen by them as unlikely to prejudice the rest of the present pay round. The settlement will lead to a total increase of 14.9% in 1986/87 over present (1984) rates. The Teachers' Side agreed to recommend this offer to their executives. Subsequently the executives of the 2 largest unions agreed to recommend their members to accept the deal by ballot and to suspend strike action till the ballot results are known. The SSTA have also suspended the exam-boycott and the EIS have set in hand procedures to end theirs.

It goes without saying that I should have preferred a more modest settlement. By offering a settlement well above what they have budgeted for the employers have undoubtedly taken great risks. I expect they will shortly come back to me with a formal request for a relaxation of the penalty regime, although they know in advance that I shall refuse it.

We now have the prospect of a rapid return to a reasonable degree of normality in the schools and a considerable improvement in the atmosphere: strike action will cease and the threat to the examinations will be lifted. It is unlikely that curricular development work will fully resume until after the inquiry has reported - but after the delay to the Standard Grade programme it would in any case have taken some time for progress to be resumed, and meantime I expect that a good deal of work will start up whatever the formal position of the unions.

Copies of this letter go to the Prime Minister, members of E(PSP), the Secretaries of State for Wales and Northern Ireland and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Malcolm Rifkind', with a stylized flourish at the end.

MALCOLM RIFKIND



10 DOWNING STREET

From the Private Secretary

12 March 1986

SCOTTISH TEACHERS INQUIRY

I am sure the Prime Minister would welcome any comments the Lord President and the Chancellor of the Duchy may have on the names suggested by the Secretary of State for Scotland for the Scottish teachers inquiry.

Mr. Rifkind asks for comments by tomorrow. It would of course be helpful if you could let me have any comments by close today so that I can pass them on to the Prime Minister. But if this will not be possible perhaps you could let me know.

I am copying this letter to Andrew Lansley (Chancellor of the Duchy of Lancaster's Office).

DAVID NORGROVE

Miss Joan MacNaughton,
Lord President's Office

Pite
SK2AFS
cc BG
Appks



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CUADPS
BG
cc Wiggins
Jone

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

Prime Minister

SCOTTISH TEACHERS' INQUIRY

I undertook to consult you about the appointment of the Chairman and members of the inquiry which I announced last Thursday.

2. We have already noted that whoever is chosen as Chairman would probably have to take over as Chairman of a parallel inquiry for England and Wales if it were later decided to set one up. The terms of reference we have given the inquiry are wide-ranging, and to examine 2 education systems in some depth within a 6 month timescale will be a demanding task indeed. It will also be important in establishing the credibility of the inquiry that whoever is chosen should be demonstrably independent of all the parties to the dispute.

3. I have reconsidered very carefully both the demands which the post will make in terms of intellectual capacity and time and the importance of choosing a candidate who can command total confidence north and south of the border. I acknowledge the objections to candidates in their 70s, but I feel that Lord Fraser of Tullybelton is the best available candidate for the job on every count. *aged 75.*

4. If Lord Fraser is not acceptable, my preferred candidate is Sir Donald Maitland (63) (former diplomat, Ambassador to UN and the European Communities, retired as Permanent Secretary at the Department of Energy,

1982). The inquiry are being asked to tackle a wide range of very complex issues, many of them administrative and legal, in a short space of time and I believe that it would be particularly helpful if the team were to be led by someone of his intellectual qualities, robust approach and experience of public affairs.

5. My third choice is Sir Peter Main (61) who retired last year as Chairman of Boots Ltd. He qualified as a doctor at Aberdeen and moved from general practice into the research department at Boots where he joined the Board 18 years later and was Chairman of the company from 1982-1985. He retired to Speyside last year. He has made it plain that he is interested in public work; and he has become a Board member of the Scottish Development Agency as well as taking up some non-executive Directorships. He could be expected to take a practical and sensible view of the issues and to seek the common ground within whatever committee is appointed.

6. As reserve choice I suggest Sir Duncan Macdonald (64), just retired as Chairman of Northern Engineering Industries. He has fairly recently moved to Newcastle but is a very well known figure in Scotland. He is a practical, down to earth engineer with a good public presence and I believe that his appointment would be generally acceptable to the public and to the teachers' unions. He would however find much that was unfamiliar in the complex issues involved and might need a good deal of support from his Committee and Secretariat.

7. The balance of the rest of the membership will depend in part on whether the Chairman is an industrialist or not. I have therefore given further thought to the matter; the list below includes a number of names which were set out in C(86)9; new names are underlined for convenience.

i. It would be very helpful if the Committee had among its members someone with experience of local government administration and I believe there is a fair chance we could obtain the services of an excellent candidate in Robert Peggie (57) who retires as Chief Executive of Lothian Region at the end of the month. He is not only an outstanding administrator who has worked well with the minority

Conservative leadership in Lothian; he has been closely involved in the attempts in Lothian to enforce teachers' contracts more vigorously during the dispute.

ii. The Committee should have one member with current or recent practical teaching experience if it is to carry full credibility. My first choice for this is Sister Maire Gallagher (52) headteacher of Notre Dame High School, Dumbarton who would bring to the inquiry both up to date experience of schools and an objective view. She is Vice-Chairman of my Consultative Committee on the Curriculum to which she has made a dedicated contribution for several years. She is noted for her common sense, balance and devotion to the education service; she is also a singularly effective headteacher of a rather tough school in a difficult area. Another headteacher who I think would serve the inquiry well is Ian R Fraser (55) who has been Rector of Inverness Royal Academy since 1971. He too is sensible, experienced and realistic in his approach to the educational problems of the day.

iii. If the Chairman is not himself an industrialist one of the members should certainly come from commerce or industry. My first choice is James Gordon (49) the Managing Director of Radio Clyde who is very shrewd and energetic. He has privately been strongly critical of the teachers' tactics in the dispute and the weak management response to them. He is a former teacher himself. Bill Hughes (45) Chairman and Chief Executive, Grampian holdings, Chairman of the CBI Education and Training Committee (Scotland) and a member of MSC (Scotland) is a knowledgeable enthusiast for our educational policies in Scotland. Allan Blacklaws (61) until recently group Managing Director for Personnel, Scottish and Newcastle Breweries and Alexander Soutar (52) former Personnel and Industrial Relations Manager (Scotland) Rolls Royce Ltd and now a Director of Inbucon Management Consultants both have extensive experience of industrial relations and a lively interest in education.

iv. If however the Chairman is an industrialist the third place on the inquiry team might go to an academic with experience in economic or industrial relations affairs. On reflection I think I should make my first choice Professor Christopher Blake (59) Professor of Applied Economics at Dundee University and now Chairman of the William Low supermarket chain. He is likely to be sympathetic to our public expenditure policies. Other candidates I have in mind are Professor Donald Mackay (48) of Heriot Watt University, now head of PEIDA consultants; Professor Laurence Hunter (51) Chairman of the Police Negotiating Board; and Professor Thomas F Carbery (61) Professor of Business Information at the University of Strathclyde, who has discharged a number of public appointments with some distinction: he served on the IBA from 1970-1979 and is now a member of the Broadcasting Complaints Commission. His attitudes are essentially balanced, down to earth and directed to practical solutions.

v. The final member of the inquiry might, I suggest, come either from the law or from the church. Whether or not I should wish to appoint a lawyer would probably depend on the balance struck in the rest of the Committee. I would certainly be happy to appoint Professor David Edward (whom I had originally proposed for Chairman). He is Professor of European Institutions at Edinburgh University and a practising Advocate; an able lawyer who might be able to find time for the demanding work of the Committee. Other possible candidates are Professor Robert Jack, Professor of Mercantile Law at Glasgow University and partner in a firm of solicitors in Glasgow. He has a distinguished record of public service, including service on the Scottish Law Commission, a long association with the YMCA movement and Chairman of the Governors of a well-known independent school in Glasgow. The churches have played a fairly public part in appearing to mediate between the various parties to the dispute. This has given them a positive status in the eyes of the teachers' unions and I think there might be advantage in trying to find a senior churchman of commonsense, ability and moderate views. One possible candidate is the Very Rev William Johnston (64), Moderator of the General Assembly of the Church of Scotland in 1980, a Parish Minister in my own constituency. He is intellectually able and experienced in public affairs, well equipped to handle the complex issues which will be involved and would I think be balanced and discreet.

8. I should be grateful to have your comments on the candidates I propose as Chairman (indicating not only your first choice but also the order of preference - we may have some difficulty in finding a candidate willing to take the job on) and to know if any of the proposals for membership are regarded as particularly unsuitable. It would be helpful if I could have your clearance by close of play on 13 March so that we can start approaching people; I shall be under pressure to announce names by the end of next week.

9. Since the Committee is going to have to work very hard for quite a long period we may find that one or two members are only prepared to accept appointment if we can pay them a fee instead of relying on the payment of expenses. There are some precedents for this and I presume that there would be no objection to our resorting to this expedient if we have to in order to secure the services of the right candidate.

10. I am sending a copy of this minute to Keith Joseph and John MacGregor and to Sir Robert Armstrong.

MR

M R

11 March 1986





RESTRICTED

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ccBSG
From: J B UNWIN
10 March 1986

MR NORGROVE

Prime Minister 2
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mt
TEACHERS PAY DISPUTE IN SCOTLAND

You may be interested to know that I understand from the Scottish Office that, following the Secretary of State's meeting with the unions and others last Friday, the outlook in Scotland is looking rather brighter. The Government's initiative apparently had a very good press this morning.

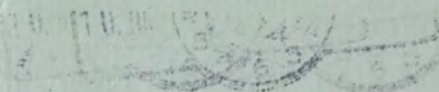
2. The head of the EIS is taking a more cooperative attitude and has apparently indicated that, subject to the names of the Chairman and members of the inquiry, he is likely to be prepared to recommend his members to go along with it. There will, however, be a ballot of the membership before doing so. With luck, the leadership could make a firm recommendation to their members to call off at least the main elements of the present industrial action which should inter alia remove the threat to this year's public examinations. The largest small union (the Professional Association of Teachers) have also come out strongly in favour of the inquiry, although their influence is, of course, limited.

3. The Scottish Secretary should soon minute to the Prime Minister with names for the Chairman and Members. I have suggested that he should at the same time give a brief assessment of the response and prospects in Scotland. So far the first trick seems to have been taken; but there is a long way to go.

J B UNWIN

Cabinet Office

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Teachers' Dispute (Scotland)

4.11 pm

The Secretary of State for Scotland (Mr. Malcolm Rifkind): With permission, Mr. Speaker, I should like to make a statement about the teachers' dispute in Scotland.

This dispute has now run for nearly 19 Months. The education of pupils is suffering increasing disruption, and continuation of the dispute can do nothing but harm. The Government have made repeated efforts to find an acceptable basis on which teachers and their employers could negotiate a settlement, yet formal negotiations have not even begun.

This situation is unsatisfactory from any point of view. It is also in marked contrast to events in England and Wales, where, as the House will be aware, an agreement for the current year has been reached and constructive negotiations on pay, pay structure and related matters are about to begin under the auspices of the Advisory Conciliation and Arbitration Service. I very much regret that there is no sign of a similar initiative in Scotland. The statutory negotiating machinery has failed to function and it is therefore necessary to find some means of breaking the deadlock. I therefore propose to set up an independent committee of inquiry with wide-ranging terms of reference in an effort to bring this dispute to an end and establish a basis for the pay, conditions of service and management of the teaching profession in Scotland which is appropriate to the conditions of today.

The inquiry will accordingly be given the following terms of reference:

In the light of the Government's education objectives and the need to observe continuing public expenditure restraint in the interests of taxpayers and ratepayers, to consider:

- (a) the duties, pay structure, pay levels and other conditions of service of school teachers, with particular regard to the need to recruit, retain and motivate teachers of the right quality, to address staffing difficulties in shortage areas such as mathematics and science and in particular localities, and to improve the promotion and career prospects of effective teachers, particularly experienced teachers of proven ability who remain in the classroom;
- (b) teachers' duties and responsibilities and their definition in contracts of employment;
- (c) the arrangements for managing schools and the teaching service;
- (d) future arrangements for determining teachers' pay and structure, duties, responsibilities and conditions of service;
- (e) the mechanisms for implementing and enforcing the above arrangements;
- (f) in all respects the need to take into account what can be afforded;

and to make recommendations.

I hope to announce the names of the chairman and members shortly. The committee will be asked to begin work as soon as possible and to report by the end of the summer so that its findings can be taken into account in the 1986-87 pay settlement. The committee will take evidence from all interested parties and will give the teachers the hearing for which they have asked since the beginning of the dispute. I therefore expect, and I believe I shall be supported by both sides of the House in this, that the teachers' unions will call off their industrial action forthwith and allow the life of the schools to return to normal. I hope that teachers and employers will in the meantime agree on a pay settlement for 1985-86 in the normal way while they await the committee's findings on the wider issues.

Mr. Harry Ewing (Falkirk, East): As one who complains when the Secretary of State or his Ministers make statements not to the House but outside the House, may I make it clear that I welcome the fact that the right hon. and learned Gentleman has made this important statement to the House, giving himself the opportunity to be asked and to answer questions and to recognise, as the right hon. and learned Gentleman obviously does, the serious damage that he and his Government have done to education in Scotland during the past 19 months. I thank the right hon. and learned Gentleman.

Is the right hon. and learned Gentleman aware that it is incredible that teachers asked in June 1984 for an independent committee of inquiry and that it took the right hon. and learned Gentleman's predecessor, the right hon. Member for Ayr (Mr. Younger) until November 1984—six months—to respond by refusing that request? Is the right hon. and learned Gentleman aware that everything that has happened since is a direct consequence of the way in which the then Secretary of State dealt with the request? The right hon. Gentleman and the Government are entirely responsible for today's crisis in Scottish education.

How independent does the right hon. and learned Gentleman think the inquiry will be, in view of the fact that he has imposed two major restraints on it—

“the need to observe continuing public expenditure restraint” applied by the Government at the beginning of the terms of reference, and—

“the need to take into account what can be afforded”

at the end of the terms of reference? Who will tell the inquiry what can be afforded? At what stage during its deliberations will it be told? Surely the right hon. and learned Gentleman will accept that no inquiry can possibly be independent if it works within such tight constraints.

I fully accept that this is a wide-ranging inquiry. I welcome that fact. Will the Secretary of State take account of the wide-ranging nature and detail of the inquiry in determining the date by which it should report? Because of its wide-ranging nature, it may well be that the right hon. and learned Gentleman is asking too much of the inquiry in requiring it to report by the end of the summer. Will the right hon. and learned Gentleman assure me that the criterion for the inquiry will be that of thoroughness rather than speed? The inquiry's recommendations may well have to endure for a long time. I assure the right hon. and learned Gentleman that I, for one, would not want thoroughness to be made the victim of speed so that he can have his report quickly.

Is the Secretary of State aware that a great deal will depend on the chairmanship and membership of the inquiry? I plead with him to take fully into account the backgrounds of the people he decides to appoint as the chairman and members of the inquiry, in terms of their knowledge of education and wage negotiations. Bearing in mind that this dispute relates to the salary year beginning 1985, will the right hon. and learned Gentleman explain why the inquiry's pay recommendations will be implemented only from the pay year beginning 1986? Why will it not be backdated to the pay year 1985, the date of the dispute?

In suggesting to the teachers and management that they should negotiate a settlement for 1985-86, is the Secretary of State asking that this settlement should be negotiated within the current pay guidelines, or is he prepared to give

[Mr. Harry Ewing]

some of the £125 million about which he has been telling us for the past year to the local authorities to supplement a pay settlement for that year?

To put the minds of Conservative Members at ease, I make it clear that I welcome this inquiry and I welcome the courage that has been shown by the Secretary of State. However, I condemn most strongly the way in which the Government have handled this dispute, thereby seriously damaging the education prospects of our children. Contrary to what is believed, the Secretary of State looks a pretty sight standing on his head, and he should do it more often.

Mr. Rifkind: I thank the hon. Member for his welcome of my statement, although I regret that he has not yet echoed my call for the unions to withdraw all industrial action. I am sure that he will want to do that and I hope that he will find an early opportunity to do so.

Any fair-minded person would take the view that the damage caused to the education fabric of Scottish schools over the past 18 months must be the responsibility of those who have put the interests of the youngsters second to their industrial dispute. I think that the vast majority of Scottish people will believe that.

The hon. Member referred to the EIS demands over the past 18 months. He will be aware that it has been seeking an inquiry into pay. There will be one but, as I said in the statement, it is also appropriate that there should be an inquiry into conditions of employment, contracts of service and the whole range of issues referred to in my statement. That is not something that the Government alone believe, but as the hon. Gentleman well knows, the education authorities, Labour-controlled as well as Conservative-controlled, have insisted that any outcome to this dispute must involve a package that covers conditions of service as well as pay. It is unfortunate that, up to today, the EIS has refused to acknowledge that fact. I believe that the whole spectrum of political opinion in Scotland has associated itself with that view, as has the hon. Member on a number of occasions.

The hon. Gentleman asked how independent the inquiry will be. The members of the inquiry will be free to make whatever recommendations they believe appropriate. He tried to take issue with the fact that the terms of reference refer to public expenditure restraint and the need to take into account the interest of taxpayers and ratepayers. The general public will not find that inappropriate or unreasonable. It is right, in determining the education objectives that we have at any given time, that we also take into account what can be afforded by the country at that time. I emphasise that the members of the inquiry will be free to make any recommendations that they feel are appropriate, having heard the evidence put to them, and that freedom will extend to all the matters within its consideration.

The hon. Gentleman asked whether the report of the inquiry had to be provided by the end of the summer. It is appropriate to try to work towards that target because teachers themselves wish an early outcome to this protracted matter. He also asked why we have not backdated any outcome or any recommendations of the inquiry to the year 1985-86. Even at this date, 19 months

into the dispute, the unions have yet to put in a pay claim for 1985-86. Therefore, it would be inappropriate to take action such as that which he suggested.

I hope, if the hon. Member catches your eye, Mr. Speaker, at the end of the time allowed for questions, that he will use the opportunity to give Opposition support to the call that I have made for the unions to cease industrial action forthwith.

Several Hon. Members rose—

Mr. Speaker: Order. I again draw the attention of the House to the point that we have an important Opposition debate ahead of us, but only half a day for it, and a large number of right hon. and hon. Members wish to take part. I shall allow questions on this statement to continue for 20 minutes.

Mr. Roy Jenkins (Glasgow, Hillhead): I welcome this statement. It will now clearly be right for the unions to take all action to bring the schools back to normal while the inquiry is going on, in so far as the position can be restored to normal after the damage that I fear has been done. The right hon. and learned Gentleman did not attempt to explain in his first answer why 19 months was allowed to go by. Without wishing to go into calendar competitiveness, my hon. Friend the Member for Ross, Cromarty and Skye (Mr. Kennedy) and I put precisely those proposals for a wide-ranging inquiry to the right hon. and learned Gentleman's predecessor in October 1984. What is the reason for having allowed this delay and the damage to Scottish education over the past 19 months?

Mr. Rifkind: I welcome the right hon. Gentleman's welcome for the statement and in particular his support for my call that the unions should withdraw all industrial action and allow the schools to return to normality. As to the other matters, repeated attempts were made both by my right hon. Friend the previous Secretary of State and other interested parties to get the parties together to begin the negotiations. Unfortunately, right up to this day, the EIS has refused to become involved in negotiations. It is because the existing negotiating machinery has been seen to be ineffective in helping to resolve the dispute that it is necessary for Government to intervene to break the deadlock.

Sir Hector Monro (Dumfries): In view of the failure of the Scottish joint negotiating committee to find a solution to this problem I warmly welcome the investigation into pay and conditions of service and structure of teaching. I hope that the teachers will also accept this package. Will my right hon. and learned Friend make it a condition of acceptance of this package that the teachers stop any further disruption of education in Scotland?

Mr. Rifkind: An inquiry is to take place, and it is not subject to the approval of any particular quarter. However, I think that the public in Scotland will find it unthinkable that, while an inquiry is going on into pay and other matters involved, such as conditions of service, teachers will take strike action, boycott exams or carry out other acts of disruption against the youngsters in their care.

Mr. Norman Hogg (Cumbernauld and Kilsyth): Will the Secretary of State give assurances that any new machinery for determining the salaries and conditions of

service applied to teachers will fully recognise the teachers' organisations and will not remove or diminish the teachers' right to belong to a trade union?

Mr. Rifkind: The inquiry is free to make any recommendations that it wishes, and the Government will then have to consider the recommendations. The Government attach great importance to the rights of teachers to belong to trade unions, and I cannot conceive of any circumstances in which that right would be changed.

Mr. Alex Fletcher (Edinburgh, Central): I congratulate my right hon. and learned Friend on the robust and realistic nature of the terms of reference for the inquiry. Will he ensure that parents are also robustly represented on the committee and that those teachers unions that do not now cease industrial action are barred from the review?

Mr. Rifkind: The inquiry will be free to take evidence from such quarters as it thinks appropriate. I consider it desirable that the individuals serving on the inquiry will be appointed on the basis of their individual contributions and not necessarily in regard to any representative qualities that they might have. One will take into account the background and experience of the individuals concerned.

Mr. Willie W. Hamilton (Fife, Central): Does the right hon. and learned Gentleman understand that I very much welcome his statement and that I appeal to the teachers to end their industrial dispute, upon one condition? Their morale is at the lowest ebb that I can remember. Unless and until the Secretary of State says that he will treat the teachers' pay claim for 1985-86 as generously as the judges, admirals and the rest were treated, I fear that there will still be difficulties ahead for him. Does he understand that in the light of the terms of reference many people think that the timetable is very tight?

Mr. Rifkind: I welcome the hon. Gentleman's call to the teachers to cease their industrial disruption. As for his qualification, I have to emphasise to him that the Educational Institute of Scotland and the other unions have insisted all along that they have no desire to put in a claim because they wish there to be an inquiry that will look into these matters and make long-term recommendations. It is appropriate, therefore, that the inquiry should proceed on the basis that I have outlined.

Mrs. Anna McCurley (Renfrew, West and Inverclyde): Will my right hon. and learned Friend accept my congratulations upon his excellent plan for an inquiry, which is worthy of Solomon? It should satisfy employers, parents and all teachers who wish the strike action to be ended and the profession to be held in the highest esteem and those who have the best interests of the pupils at heart. It is particularly encouraging to those areas that have been subjected to wholly unfair targeting. Those who reject this excellent inquiry will be judged accordingly.

Mr. Rifkind: I thank my hon. Friend for her kind words. All I would say is that Solomon is a slightly better comparison than I have been used to in recent weeks.

Mr. Malcolm Bruce (Gordon): Will the Secretary of State accept that, although we welcome the fact that he has decided to set up an independent review, we regret very deeply that it has taken him 18 months to do it? I notice

that his right hon. Friend the Secretary of State for Education and Science is at his elbow, like the "hoodie crow"? Is it not an amazing coincidence that this offer is being made just two days after the English settlement? Why could not the Scottish Office have settled this at the beginning? A settlement could have been made then. I echo the points that have been made earlier in the light of what has been proposed. I hope that the teachers will call off their action and that the Government will honour the motivation behind it and ensure that they get a fair settlement this year and a properly supported outcome of this review at the end of the day.

Mr. Rifkind: The hon. Gentleman's comments were typical of a Liberal intervention: qualifying every remark in order that it might not sound too significant to any section of the community. I believe that the Scottish public will welcome this committee as being a necessary and essential way of ensuring that the interests of Scottish youngsters are well protected.

Mr. John Corrie (Cunninghame, North): Will my right hon. and learned Friend accept that I welcome his statement? Will he also accept that I agree with the hon. Member for Falkirk, East (Mr. Ewing) that this is a very wide-ranging inquiry, which will affect the shape of education for a very long time to come? Therefore it should not be rushed. It should be got right. In the meantime, will my right hon. and learned Friend try to get the two parties together to provide some advance for the teachers, who really need it?

Mr. Rifkind: I thank my hon. Friend for his welcome. I have no desire to see a rushed inquiry. Naturally, we shall reflect and take into account the views of the members of the inquiry. We are all anxious to ensure a suitable outcome. However, we hope that the inquiry will also take into account the desire of both the education authorities and the unions that this dispute, which has already been very protracted, should not be extended too far as a result of the inquiry.

Mr. Dick Douglas (Dunfermline, West): Does the Secretary of State concede, in his wisdom, that this approach on his behalf would not have happened had the teachers not remained united in their view and if their unions had not remained fairly obdurate in pursuit of their claim? I wish to probe him a little upon the nature of the inquiry. If I heard him aright, the Secretary of State said that the inquiry would be fully independent and would be able to come forward with any recommendation. Will that include the possibility of an interim report on pay alone because of the need to allay fears and suspicions about the Secretary of State's restraint upon the terms of reference which, as far as I can gather, are his terms of reference and not agreed terms of reference with the teacher unions? Can he assure me that if the body concerned wanted to come forward with an interim report on pay he would not place any impediments in its way? Moreover, is it the Secretary of State's intention to appoint as members of this inquiry any assessors from the Scottish Office?

Mr. Rifkind: I do not see any likelihood of assessors from the Scottish Office being appointed, although the Scottish Office will undoubtedly wish to give evidence to the inquiry. As for an interim report, along with all of the education authorities the Government take the view that the ultimate resolution of this dispute has to be in the form

[Mr. Rifkind]

of a package covering conditions of service and contracts of employment as well as pay. Therefore, an interim report on pay would be as inappropriate as an interim report on conditions of service.

Mr. Douglas: But it is not independent.

Mr. Rifkind: It is indeed independent, because the members of the inquiry are being requested to make recommendations on all of these matters. Quite naturally, we expect them to make these recommendations at the same time.

Mr. Albert McQuarrie (Banff and Buchan): As one who has supported the teachers in their demand to be brought into line with the present salary structures of other professions I welcome my right hon. and learned Friend's efforts to try to bring this very sad dispute to an end because of the effect that it has had on parents, teachers and pupils. When my right hon. and learned Friend forms this committee of investigation does he intend to look at the need to have representatives of the teaching profession on it to ensure that their point of view about the demands that they have already made can be fully aired?

Mr. Rifkind: The point of view of the teaching profession and the education authorities will be primarily made by the evidence that each of them submits to the inquiry. I said earlier that I expect the members of the inquiry to be appointed primarily in regard to the personal contribution that they can make to the work of the inquiry.

Mr. Michael J. Martin (Glasgow, Springburn): Is the Secretary of State aware that in at least one school in my constituency there was a long industrial dispute prior to the present industrial dispute? This means that the education of many children in my constituency, an area of high unemployment, will be damaged. What steps will the Secretary of State take to try to ensure that these children catch up with their education?

Mr. Rifkind: Obviously we are all very concerned that that should be brought about. No doubt the Strathclyde education authority will be the most appropriate body to take detailed action in regard to a particular school.

Mr. Dennis Canavan (Falkirk, West): Although the Secretary of State's statement indicates a belated shift in the Government's attitude, will he admit that his claim that he is giving the teachers an independent hearing, for which they have been asking all along, is simply not true? His inquiry incorporates not just pay but conditions of service and contracts of employment. It is not exactly independent if at the outset it is placed in the financial straitjacket of the Government's economic policy to cut public expenditure, particularly on education. Is the Secretary of State not aware of the obvious fact that the Government will get the education system for which they are prepared to pay? Will he come clean, therefore, and tell us whether at the very outset he is ruling out a restoration of the pay levels that were awarded by Houghton to the teachers over a decade ago?

Mr. Rifkind: The hon. Gentleman is wrong in one respect and right in the other. He is wrong to suggest that the inquiry will be involved in some financial straitjacket. It will be asked to recommend what the pay of a teacher should be now, and in particular to take into account the

various duties and responsibilities of teachers when coming to a view and making a recommendation on that matter. The hon. Gentleman is certainly right when he says that this inquiry goes significantly beyond the kind of inquiry that the unions have requested. It includes pay but it also deals with the other matters that the hon. Gentleman correctly mentioned. That is something that I believe a wide spectrum of opinion in Scotland has always maintained should be the case.

Mr. Michael Forsyth (Stirling): Does my right hon. and learned Friend recognise that parents are absolutely sick to death of this dispute and that his statement will be widely welcomed? I hope that it will be noted by parents throughout Scotland that the Opposition Front Bench spokesman, the hon. Member for Falkirk, East (Mr. Ewing), is more concerned with dotting the i's and crossing the t's in the interests of the Educational Institute of Scotland than in welcoming this agreement and asking the EIS and the other unions to call off their action in the interests of pupils and parents.

Mr. Rifkind: I think that the House is still waiting with interest to know whether the Opposition will join my call and, indeed, the call of the Liberals and other parties, for the unions now to call off their industrial action.

Mr. Jim Craigen (Glasgow, Maryhill): Since the independent inquiry team will be operating within the straitjacket that has been designed by the Government, why has it taken 18 months for them to concede this inquiry? Will the Secretary of State give a guarantee today that he will honour the financial recommendations that the inquiry team makes, and that that will be reflected in the rate support grant to education authorities?

Mr. Rifkind: I repeat that the inquiry will be free to make any recommendations on conditions of service, contracts of employment and pay which it thinks appropriate. Not only we but the education authorities and the unions will wish to see the whole package of recommendations that it may make before coming to any conclusions as to what then should take place.

Mr. Gordon Wilson (Dundee, East), I welcome the initiative the Secretary of State has taken and hope that the Scottish teachers will give it serious consideration. I wish to suggest three things to the right hon. and learned Gentleman. First, in view of the fact that teachers have been without an increase in pay for a considerable time and have suffered a depreciation in their salary levels in relative terms, will he make a generous cash offer now because, considering the fact that this is not a pay review but one relating to pay and conditions, such an offer would be useful? Can he also give attention to the question of consultation on the appointment of the independent Committee so that the teachers' representatives know that this is not to be just a collection of friends of the Scottish Office? Lastly, can the Secretary of State give a better reply than that which he gave to the hon. Member for Falkirk, West (Mr. Canavan) in relation to relativities and variations of pay levels? I think that such a statement, given the two inhibitions in his own statement, will go a long way to allay the fears and suspicions that many teachers could have that this is a con and not a serious offer.

Mr. Rifkind: There is no question of it being anything other than a serious contribution. If that were not so, I

would be indicating constraints on the kind of recommendations that the inquiry will be free to make. I emphasise again that the inquiry will be free to make any recommendations—including recommendations on pay—which it believes to be appropriate. It will hear evidence from the various quarters and come to its own conclusions as to what it believes the pay and pay structures for Scottish teachers should be.

Mr. Barry Henderson (Fife, North-East): Has my right hon. and learned Friend noticed that the Opposition parties have begun to draw attention to the practical difficulties that arise from an independent review embracing both pay and conditions? Is it not the case that if the suggestion made by the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) last February had been adopted and the Scottish joint negotiating committee has commissioned an independent review, some of the problems would have been overcome? Will he now ensure that the inquiry will go forward as speedily as is practicable and that in the meantime there will be urgent negotiations to determine a pay settlement for the last two years?

Mr. Rifkind: With regard to 1985-86 I very much hope that the unions and local authorities will get together to agree a settlement. A settlement has already been obtained for England and Wales for that year. There is nothing to stop an agreement for Scotland being reached. The inquiry will, of course, make recommendations on future pay levels. It would not be appropriate for me to pre-empt the outcome of the inquiry in the way suggested to me by some hon. Gentlemen.

Mr. Hugh Brown (Glasgow, Provan): Many of us recognise that this is not the place to conduct negotiations but, since we will be meeting the EIS in Perth tomorrow, I for one should like to be able to urge the withdrawal of industrial action. As the Secretary of State says that there will be no pay claim accepted for 1985-86, is he ruling out the review body going back to 1985-86?

Mr. Rifkind: As to 1985-86, it is for the unions to make a claim to the employers and for the employers and unions to negotiate and reach a conclusion. It has already happened elsewhere in the United Kingdom, and ought now to happen for Scotland. I welcome the hon. Gentleman's desire to call upon the unions to withdraw their industrial action so that the inquiry can take evidence and make its recommendations in an atmosphere conducive to the best interests of Scottish education.

Mr. Michael Hirst (Strathkelvin and Bearsden): Can I assure my right hon. and learned Friend that his initiative will be widely welcomed, not least in Strathkelvin and Bearsden, which has had more than its fair share of disruptive action? Is he aware that parents, public and most reasonable teachers will be reassured that duties and responsibilities are to be examined since it cannot be right that a teacher on full pay can boycott examination procedures? Does he agree that, if the EIS does not call off its industrial action and disruption of Scottish education, it will have rightly earned the condemnation of the people of Scotland?

Mr. Rifkind: I agree with my hon. Friend. I think that the vast majority of Scottish teachers, who are moderate and reasonable people, will expect their union leadership to indicate that they should now return to normal working

in the schools so that the inquiry can proceed in the proper atmosphere. I repeat, I still wait for Opposition Members to make a similar call.

Mr. Ron Brown (Edinburgh, Leith): Surely the "Governor-General" will accept that a public inquiry is simply a device to get the Government off the hook, bearing in mind that very shortly the Tory party will suffer another disaster in the regional elections. Surely the point is that, unless the teachers see the colour of the Government's money, they should continue with their industrial action because that is the only effective action they can take at the end of the day.

Mr. Rifkind: I think that the hon. Gentleman, by his latter comments, makes it quite clear that he is not the slightest bit interested in Scottish education and simply wishes to be a trouble-maker.

Mr. Tom Clarke (Monklands, West): Will the Secretary of State accept the recommendations of the inquiry?

Mr. Rifkind: When the inquiry makes its recommendations, not only the Government but the unions and the education authorities will wish to consider the whole range of the recommendations, and naturally we shall wish to give them very great consideration. We are not setting up the inquiry purely as a cosmetic exercise. We will naturally wish, as will the unions and the education authorities, to give the closest scrutiny and considerable weight to the recommendations of such an inquiry.

Mr. David Marshall (Glasgow, Shettleston): Should the inquiry recommend a retrospective pay award, will the Secretary of State accept such a recommendation?

Mr. Rifkind: I have already indicated that we envisage that the recommendations of the inquiry should take effect from 1986-87 onwards. I think that it is appropriate to look at it on that basis, particularly as the unions themselves have not put in a claim and have indicated that they want an inquiry to look to the future and not simply to the past.

Mr. John Home Robertson (East Lothian): Can the Secretary of State take note of the resolute support given to the teachers by the vast majority of parents throughout this long, miserable dispute? With that in mind, can he confirm that this is a genuinely independent review? If it is without any strings attached, all of us will join in calling for an end to the action.

Mr. Rifkind: Many parents have had sympathy with the teachers' claim for higher pay, but very few parents have had sympathy with the teachers' tactics of disrupting the education of their children. I am delighted to hear the hon. Gentleman's concluding remarks. I only wish that, on this occasion, he had been able to make them not from the Back Benches but from the Opposition Dispatch box.

Mr. Martin J. O'Neill (Clackmannan): Will the Minister accept that this conciliatory gesture will be welcomed by many people in Scotland? Since, from the teachers' point of view, the core of the dispute has been about pay, is he aware that if he were to indicate that meaningful negotiations could take place about the last year of pay it would be a useful start and would help the teachers in trying to reach a satisfactory end to their industrial action.

Mr. Rifkind: The hon. Gentleman's own Labour-controlled education authority in Central region and,

[Mr. Rifkind]

indeed, other Labour regions, have indicated that they believe that the resolution of the dispute must include a package covering matters other than pay. He ought to discuss these matters with his colleagues on the regional council.

Consolidated Fund Bill

Mr. Speaker: Order. I have a short statement to make about arrangements for the debate on the motion for the Adjournment which will follow the passing of the Consolidated Fund Bill on Thursday 13 March.

Members should submit their subjects to my office not later than 9 am on Wednesday 12 March. A list showing the subjects and the times will be published later that day. Normally the time allotted will not exceed one and half hours, but I propose to exercise a discretion to allow one or two debates to continue for rather longer, up to a maximum of three hours.

Where identical or similar subjects have been entered by different Members whose names are drawn in the ballot, only the first name will be shown on the list. As some debates may not last the full time allotted to them, it is the responsibility of Members to keep in touch with developments if they are not to miss their turn.

STATUTORY INSTRUMENTS. &C.

Ordered,

That the draft Broadcasting (Local Sound Broadcast Programme Contractors' Additional Payments) Order 1986 be referred to a Standing Committee on Statutory Instruments, &c.
—[Mr. Sainsbury.]

Opposition Day

[9TH ALLOTTED DAY]

Plight of the Elderly

Mr. Speaker: As we have started rather late, I appeal for short speeches from the Front and Back Benches. I have selected the amendment in the name of the Prime Minister.

4.49 pm

Mr. Michael Meacher (Oldham, West): I beg to move,

That this House, bearing in mind the cruel hardship suffered by hundreds of thousands of elderly people in the harshest winter for 40 years resulting in a 10-fold increase in deaths from hypothermia, condemns the Government for its total failure to protect pensioners throughout the second coldest February on record; deplores the Government's inactivity in the face of the manifest breakdown of the exceptionally severe weather payments system; and calls upon the Government to ensure that the most vulnerable elderly and disabled people receive adequate income to keep warm and healthy during the remainder of this and subsequent winters.

It is often said that the measure of civilisation in a society lies in how it treats its elderly people, and that is a yardstick which the Tory Government, with their record, must rue. We have just been through a long period of intense and exceptional cold; indeed, the coldest February for 40 years and the second chilliest this century. [Interruption.] There are some very childish Members in the House. I thought that the hon. Member for Ealing, North (Mr. Greenway) was a headmaster. I should have thought that he would have learnt to behave differently from schoolchildren.

Mr. Harry Greenway (Ealing, North) *rose*—

Mr. Meacher: No, I shall not give way.

All over Britain easterly winds have kept temperatures far below freezing—down even to minus 15 deg, and to minus 20 deg in many places. Deaths from hypothermia have run into thousands. In last winter's cold snap, which was less cold than the past four weeks have been, there were 46,000 more deaths than in summer—an increase of 16,000 over the previous mild winter. Therefore, it would not be surprising if this winter there were about 60,000 cold-related deaths.

Even the Government's own figures—which grossly understate death due to the cold, because hypothermia-related deaths are classified separately as due to pneumonia, bronchitis or heart attack—tell the same story—show that the death rate from hypothermia was 10 times higher last year than in 1978. They also show that in the first half of 1985 hypothermia killed 20 per cent.—

The Secretary of State for Social Services (Mr. Norman Fowler) *rose*—

Mr. Meacher: I shall give way in a moment.

The figures also show that in the first half of 1985 hypothermia killed 20 per cent. more pensioners than in the whole of 1984. It is all too likely that in the first two months of 1986 hypothermia killed more pensioners than in any comparable period this century. In fact, I have today received figures from the Office of Population Censuses

STATEMENT BY SECRETARY OF STATE FOR SCOTLAND ON THE TEACHERS' DISPUTE IN SCOTLAND

WITH PERMISSION MR SPEAKER I SHOULD LIKE TO MAKE A STATEMENT ABOUT THE TEACHERS' DISPUTE IN SCOTLAND.

THIS DISPUTE HAS NOW RUN FOR NEARLY 19 MONTHS. THE EDUCATION OF PUPILS IS SUFFERING INCREASING DISRUPTION, AND CONTINUATION OF THE DISPUTE CAN DO NOTHING BUT HARM. THE GOVERNMENT HAVE MADE REPEATED EFFORTS TO FIND AN ACCEPTABLE BASIS ON WHICH TEACHERS AND THEIR EMPLOYERS COULD NEGOTIATE A SETTLEMENT; YET FORMAL NEGOTIATIONS HAVE NOT EVEN BEGUN.

THIS SITUATION IS UNSATISFACTORY FROM ANY POINT OF VIEW. IT IS ALSO IN MARKED CONTRAST TO EVENTS IN ENGLAND AND WALES, WHERE, AS THE HOUSE WILL BE AWARE, AN AGREEMENT FOR THE CURRENT YEAR HAS BEEN REACHED; AND CONSTRUCTIVE NEGOTIATIONS ON PAY, PAY STRUCTURE AND RELATED MATTERS ARE ABOUT TO BEGIN UNDER ACAS AUSPICES. I VERY MUCH REGRET THAT THERE IS NO SIGN OF A SIMILAR INITIATIVE IN SCOTLAND. THE STATUTORY NEGOTIATING MACHINERY HAS FAILED TO FUNCTION AND IT IS THEREFORE NECESSARY TO FIND SOME MEANS OF BREAKING THE DEADLOCK. I THEREFORE PROPOSE TO SET UP AN INDEPENDENT COMMITTEE OF INQUIRY WITH WIDERANGING TERMS OF REFERENCE IN AN EFFORT TO BRING THIS DISPUTE TO AN END AND ESTABLISH A BASIS FOR THE PAY, CONDITIONS OF SERVICE AND MANAGEMENT OF THE TEACHING PROFESSION IN SCOTLAND WHICH IS APPROPRIATE TO THE CONDITIONS OF TODAY.

THE INQUIRY WILL ACCORDINGLY BE GIVEN THE FOLLOWING TERMS OF REFERENCE:

IN THE LIGHT OF THE GOVERNMENT'S EDUCATIONAL OBJECTIVES AND THE NEED TO OBSERVE CONTINUING PUBLIC EXPENDITURE RESTRAINT IN THE INTERESTS OF TAXPAYERS AND RATEPAYERS, TO CONSIDER:

A. THE DUTIES, PAY STRUCTURE, PAY LEVELS AND OTHER CONDITIONS OF SERVICE OF SCHOOL TEACHERS, WITH PARTICULAR REGARD TO THE NEED TO RECRUIT,

RETAIN AND MOTIVATE TEACHERS OF THE RIGHT QUALITY,
TO ADDRESS STAFFING DIFFICULTIES IN SHORTAGE AREAS
SUCH AS MATHEMATICS AND SCIENCE AND IN PARTICULAR
LOCALITIES, AND TO IMPROVE THE PROMOTION AND
CAREER PROSPECTS OF EFFECTIVE TEACHERS,
PARTICULARLY EXPERIENCED TEACHERS OF PROVEN
ABILITY WHO REMAIN IN THE CLASSROOM;

B. TEACHERS' DUTIES AND RESPONSIBILITIES AND
THEIR DEFINITION IN CONTRACTS OF EMPLOYMENT;

C. THE ARRANGEMENTS FOR MANAGING SCHOOLS AND THE
TEACHING SERVICE;

D. FUTURE ARRANGEMENTS FOR DETERMINING TEACHERS'
PAY AND STRUCTURE, DUTIES, RESPONSIBILITIES AND
CONDITIONS OF SERVICE;

E. THE MECHANISMS FOR IMPLEMENTING AND ENFORCING
THE ABOVE ARRANGEMENTS;

F. IN ALL RESPECTS THE NEED TO TAKE INTO ACCOUNT
WHAT CAN BE AFFORDED

AND TO MAKE RECOMMENDATIONS.

I HOPE TO ANNOUNCE THE NAMES OF THE CHAIRMAN AND MEMBERS
SHORTLY. THE COMMITTEE WILL BE ASKED TO BEGIN WORK AS SOON
AS POSSIBLE AND TO REPORT BY THE END OF THE SUMMER SO THAT ITS
FINDINGS CAN BE TAKEN INTO ACCOUNT IN THE 1986/87 PAY
SETTLEMENT. THE COMMITTEE WILL TAKE EVIDENCE FROM ALL
INTERESTED PARTIES AND WILL GIVE THE TEACHERS IN PARTICULAR
THE INDEPENDENT HEARING WHICH THEY HAVE ASKED FOR SINCE THE
BEGINNING OF THE DISPUTE. I THEREFORE EXPECT, AND I BELIEVE
I SHALL BE SUPPORTED BY ALL SIDES OF THE HOUSE IN THIS, THAT
THE TEACHERS' UNIONS WILL CALL OFF THEIR INDUSTRIAL ACTION
FORTHWITH AND ALLOW THE LIFE OF THE SCHOOLS TO RETURN TO
NORMAL; AND I HOPE THAT TEACHERS AND EMPLOYERS WILL MEANTIME

AGREE ON A PAY SETTLEMENT FOR 1985/86 IN THE NORMAL WAY WHILE
THEY AWAIT THE COMMITTEE'S FINDINGS ON THE WIDER ISSUES.



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Ref. A086/756
PRIME MINISTER

The Teachers' Pay Dispute in Scotland
Tag A - C(86)9

BACKGROUND

You are familiar with the current situation. In brief, in England and Wales the ACAS agreement is moving uneasily forward. Although the participating unions have not met the explicit condition in the agreement that there should be "a return to full normal duties", and the NUT are still intent on wrecking the agreement, the employers have signed up on the 1985-86 pay deal, and further talks are expected to continue in the conditions of service Committee (CLEA/ST) and then under the independent ACAS Panel. All this seems likely to bring an end to at least most of the current disruption; but few teachers seem likely to return to full normal duties, and there must be very serious doubts whether the ACAS process will lead to any satisfactory sort of outcome, or indeed last for very much longer.

2. In Scotland the situation is deteriorating (the latest position on strikes is set out at Annex 1 to the Scottish Secretary's paper). In view of the solidarity of the dominant union (the EIS), and in the light of discussions with various parties who might intermediate, the Scottish Secretary is convinced that there is no chance at all of grafting the ACAS process on to Scotland. He believes, however, that an independent inquiry would break the deadlock and end disruption in Scotland, and would have a better chance of delivering results acceptable to the Government than any other route.

3. At their discussion yesterday MISC 122 decided that it would be wrong for the Government to intervene in the ACAS process in England and Wales. Rightly or wrongly, in public perception it is a success and the Government would risk serious criticism on all sides if they intervened to terminate it. But the Group recognised that there was a stronger case for announcing an inquiry at once in Scotland, which



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might subsequently be extended to England and Wales if and when it became apparent that the ACAS agreement had failed. They therefore asked the Scottish Secretary to circulate a memorandum to Cabinet arguing the case for the immediate announcement of an inquiry in respect of Scotland.

MAIN ISSUES

4. The main issues are:

- (i) whether there should be a Government inquiry in respect of Scotland;
- (ii) if so, its composition and terms of reference;
- (iii) the form and timing of an announcement.

Inquiry for Scotland

5. Ideally the Government would want before deciding this to have more time in which to evaluate the ACAS process in England and Wales. But time is short. If the ACAS talks went well, they might have some effect on the teachers in Scotland. But given the solidarity of the EIS, it seems unlikely that they would have much effect. In the mean time the situation is seriously deteriorating (320,000 pupil days lost last week, and the Scottish Secretary expects this to get worse); and an inquiry seems the only constructive way of breaking the log jam. The Cabinet will wish to weigh up the risks. On the one hand, the Government cannot guarantee the outcome of an inquiry, and there is undoubtedly a risk of substantial extra costs and repercussions on public sector pay elsewhere. On the other hand, the Scottish Secretary believes that the announcement of an inquiry would stop the present disruption and avoid the threat to this year's exams; and with the right terms of reference and composition it could offer a better chance than any other course of coming at least somewhere near the Government's educational and financial policy objectives.



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6. The Secretary of State for Education and Science may still wish to argue again the case for aborting the ACAS process in England and Wales and announcing an immediate inquiry there too. In view of the strong feeling against this course in MISC 122, you will not wish to reopen this issue at length. It will be important, however, that any Scottish inquiry is capable of extension to cover England and Wales later if need be.

Terms of Reference

7. The terms of reference in the Scottish Secretary's paper are those proposed by the Cabinet Office which were agreed by MISC 122, subject to further consideration of the point in (c) about financing and central and local government responsibilities, and to some minor drafting amendments to reflect the different circumstances in Scotland. The latter seem entirely acceptable, and the appropriate forms of words could without difficulty be restored if the terms of reference were later extended to England and Wales. On the point in (c), MISC 122 agreed to delete any explicit reference to central and local government responsibilities, but did not reach a decision on whether the words "and financing" should be included. The main argument against retaining these words is that they might immediately direct the inquiry into the fundamental and complex issue of how education should be financed as between central and local government. This is exceedingly complex, and could delay the inquiry. As against this, this issue simply has to be faced, since it is at the heart of the current problem. If the words were retained, the Government could take an early opportunity to feed its own views into the inquiry (and no doubt instruct the Chairman informally also). And it would still in the end be up to the Government itself to decide whether any changes, more or less radical, should be made. As to timing, it would always be possible to ask the inquiry to complete a report on pay and conditions of service within, say, four months and to move on to consideration of financing and any other wider issues in a second stage later. On balance, the arguments seem to favour retaining this reference.

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Composition

9. There is no need to decide the full team for the inquiry at this meeting. It would be helpful, however, if possible to settle the question of a Chairman, so that the Scottish Secretary can (if an inquiry is agreed) approach him as soon as possible. The Scottish Secretary now suggests for consideration:-

- Sir Donald Maitland

- Sir Peter Main

and - Sir James Munn.

I attach for convenience the latest Who's Who extracts on them. You will wish to invite views on these names, or any other possible candidates. Each of the three above would have the necessary status to act as Chairman of an inquiry subsequently extended to England and Wales, though perhaps Sir James Munn less than the other two.

Form and Timing of Announcement

10. If the Cabinet decide in favour of an inquiry for Scotland, there seems no advantage in delaying an announcement. On past form, there must unfortunately be a risk that the Cabinet's decision would be leaked. Leaks prior to an announcement (eg in the weekend press) would not only embarrass the Scottish Secretary but also endanger the success of the initiative itself. If, however, the announcement were made tomorrow afternoon, it would clearly be difficult then to announce the name of the Chairman or any other members. The latter will in any case need to be cleared separately after Cabinet by the Scottish Secretary with you and with his other colleagues.

11. Annex 2 to the Scottish Secretary's paper contains a draft statement. This reflects the tone of the discussion at MISC 122. For example, while paying suitable obeisance to the ACAS initiative in



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England and Wales, it carefully leaves open the possibility of replacing it later if it does not lead "to lasting peace and to worthwhile solutions". Subject to any detailed suggestions the Cabinet may have, the draft seems a suitable vehicle for the announcement of a Scottish inquiry.

Government Evidence to an Inquiry

12. Getting the Government's evidence right will be most important, not least on the central/local government financing issue. It will therefore need to be agreed interdepartmentally. You may wish to record that the evidence should in due course be cleared through the Cabinet Office Official Group on Teachers' Pay (MISC 123).

CONCLUSIONS

13. You will wish the Cabinet to decide:-

(i) whether the Government should set up an inquiry for Scotland;

(ii) if so, its terms of reference and composition;

(iii) whether an announcement should be made by means of an oral statement on Thursday, 6 March on the basis of the draft proposed by the Scottish Secretary.

REA

ROBERT ARMSTRONG

5 March 1986
Cabinet Office

MAITLAND, Sir Donald (James Dundas), GCMG 1977 (CMG 1967); Kt 1973; OBE 1960; a Government Director, Britoil, since 1983; Director, Slough Estates, since 1983; Chairman, Independent Commission for World-Wide Telecommunications Development, since 1983; b 16 Aug. 1922; s of Thomas Douglas Maitland and Wilhelmina Sarah Dundas; m 1950, Jean Marie Young, d of Gordon Young; one s one d. Educ: George Watson's Coll.; Edinburgh Univ. Served India, Middle East, and SE Asia, 1941-47 (Royal Scots; Rajputana Rifles). Joined Foreign Service, 1947; Consul, Amara, 1950; British Embassy, Baghdad, 1950-53; Private Sec. to Minister of State, Foreign Office, 1954-56; Director, Middle East Centre for Arab Studies, Lebanon, 1956-60; Foreign Office, 1960-63; Counsellor, British Embassy, Cairo, 1963-65; Head of News Dept, Foreign Office, 1965-67; Principal Private Sec. to Foreign and Commonwealth Secretary, 1967-69; Ambassador to Libya, 1969-70; Chief Press Sec., 10 Downing St, 1970-73; UK Permanent Rep. to UN, 1973-74; Dep. Under-Sec. of State, FCO, 1974-75; UK Mem., Commonwealth Group on Trade, Aid and Devel., 1975; Ambassador and UK Perm. Rep. to EEC, 1975-79; Dep. to Perm. Under-Sec. of State, FCO, Dec. 1979-June 1980; Perm. Under-Sec. of State, Dept of Energy, 1980-82. Chairman: UK National Cttee for World Communications Year, 1983; Christians for Europe, 1984-. Member: Commonwealth War Graves Commn, 1983; Exec. Bd, Anglo-Irish Encounter, 1983-. Recreations: hill-walking, music. Address: Murhill Farm House, Limpley Stoke, Bath, Avon. T: Limpley Stoke 3157. Clubs: Travellers; New (Edinburgh).

MAIN, Dr Peter Tester, ERD 1964; Chairman, The Boots Company Ltd, 1982-85 (Director, 1973-85); b 21 March 1925; s of late Peter Tester Main and Esther Paterson (née Lawson); m 1952, Dr Margaret Finister, MB, ChB (n 'Tweddle') (d 1984); two s one d. Educ: Robert Gordon's Coll., Aberdeen; Univ. of Aberdeen (MB, ChB 1948, MD 1963). MRCPE 1981, FRCPE 1982. Captain, RAMC, 1949-51; MO with Commando Bde, Suez, 1956; Lt-Col RAMC (AER), ret'd 1964. House Surg., Aberdeen Royal Infirmary, 1948; House Physician, Woodend Hosp., Aberdeen, 1949; Demonstrator, Univ. of Durham, 1952; gen. practice, 1953-57; joined Res. Dept, Boots, 1957; Dir of Res., 1968; Man. Dir, Industrial Div., 1979-80; Vice-Chm., The Boots Co. Ltd, 1980-81. Mem., NEDC, 1984-. Governor, Henley Management Coll., 1983-. CBIM (FBIM 1978). Publications: contribs on therapeutics to learned jls. Recreations: fly fishing, shooting, Scottish music. Address: c/o The Boots Co. plc, Nottingham NG2 3AA. T: Nottingham 56111. Clubs: Naval and Military, Flyfishers'.

MUNN, James, OBE 1976; MA; Chairman, Manpower Services Committee for Scotland, since 1984; b 27 July 1920; s of Douglas H. Munn and Margaret G. Dunn; m 1946, Muriel Jean Millar Moles; one d. Educ: Stirling High Sch.; Glasgow Univ. (MA (Hons)). Entered Indian Civil Service, 1941; served in Bihar, 1942-47. Taught in various schools in Glasgow, 1949-57; Principal Teacher of Modern Languages, Falkirk High Sch., 1957-62. Depute Rector, 1962-66; Rector: Rutherglen Acad., 1966-70; Cathkin High Sch., Cambuslang, Glasgow, 1970-83. Member: Consultative Cttee on Curriculum, 1968-80. Chm., 1980-; University Grants Cttee, 1973-82; Chm., Cttee to review structure of curriculum at SIII and SIV, 1975-77. Mem. Court, Strathclyde Univ., 1983-. Chevalier des Palmes Académiques, 1967. DUniv Stirling, 1978. Recreations: reading, bridge. Address: 4 Kincath Avenue, High Burnside, Glasgow G73 4RP. T: 041-634 4654.



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-930 7022

MO 28/5

5th March 1986

Dear Tim,

THE TEACHERS' PAY DISPUTE IN SCOTLAND

As you know, my Secretary of State is unable to attend Cabinet tomorrow since he is on a visit to observe a major reinforcement exercise involving British Forces in Northern Norway.

Mr Younger has asked me to say that, although he did not have an opportunity to see the detail of the proposals put forward on the teachers' pay dispute in Scotland by the Secretary of State for Scotland (C(86)9), he did discuss the issue with Mr Rifkind before he departed to Norway, and he supports entirely the line proposed. In particular, Mr Younger believes that it is essential that any inquiry which is set up should have the broadest possible Terms of Reference and not be concerned only with teachers' pay.

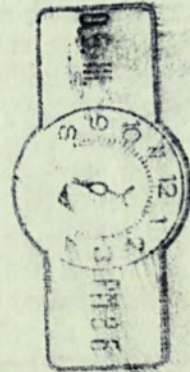
I am sending copies of this letter to the Private Secretaries to other members of the Cabinet, to the Private Secretary to the Parliamentary Secretary to the Treasury and to Sir Robert Armstrong.

Yours ever,
Denis

(D BRENNAN)

Timothy Flesher Esq
10 Downing Street

1872 10 11 1890 62



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MR NORGROVE

5 March 1986

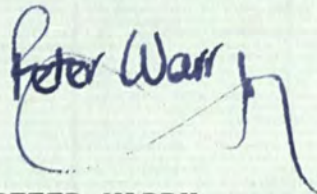
TEACHERS' PAY

The loss of 320,000 pupil days last week is gravely damaging to Scottish education. Nevertheless, there are 900,000 pupils in Scotland so the disruption only represents 7% of the total amount of teaching in any one week.

The cost is not all one way either. The unions are unlikely to be able to sustain this level of action on a permanent basis nor are the LEAs likely to be able to remain indifferent to the extent they have so far.

There are already some encouraging signs. A month ago the Scottish Office thought less than two thirds of the number of examiners required would be forthcoming. Now this total has suddenly risen to 75%. Given a little more time, particularly for the impact of the ACAS settlement to be felt in Scotland, it is just possible that more realistic attitudes may begin to emerge.

We would prefer to delay a decision on an inquiry, but it is vital that no decisions are announced in Scotland this week. This would be the one sure way of sabotaging the CLEA/ST discussions and the ACAS talks before they even start.



PETER WARRY

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Cabinet Folder.

PRIME MINISTER

TEACHERS' PAY ENQUIRY

I understand that you have asked for the names of sensible people who might sit on a Teachers' enquiry.

As members I suggest:

Ralph Harris (if he would do it);

← Christopher Foster (who will shortly take up an important post at BT, is well known in the local authority world, and was a great help on the Rates Green Paper);

Laurie Norcross (who is headmaster of Highbury Grove School, and in the tradition of Rhodes Boyson);

(Fred Crawford (who would be extremely tough, and would read the fine print carefully). (*Grammar school educated.*))

I gather that the enquiry - if it happens - will start in Scotland, and will need a Chairman with Scottish connections. I cannot think of anyone who fits that bill: Hamish Orr-Ewing is a walking disaster on educational issues, and Alan Peacock (who would have been the obvious choice) is preoccupied with the BBC.

Could you compromise with a Scottish name? If so, Michael McCrum would be ideal. True, he has been headmaster of independent,* rather than maintained schools. But he could be balanced by members such as Laurie Norcross, from the maintained sector. As Master of Corpus Christi, Cambridge, he is eminently respectable - and he is a tough administrator with high standards.

I hope that these will be some use - and that the teachers' enquiry will not be allowed to obscure the need for fundamental, structural change in education.

DLW

* Tonbridge and Eton

pp Oliver Letwin

5 March 1986

withdrawn from
PM's box on NW's instruction
& DRN's agreement

MA 43/86.

PRIME MINISTER

TEACHERS' PAY

Apparently, a provisional settlement of the teachers' pay dispute reached today, the NUT aside. There are as yet very few details, but so far as the DES can see, the settlement involves a fudge on whether the teachers will go back to normal working.

Sir Keith Joseph will be able to report to MISC 122 on this tomorrow morning.

David Norgrove

3 March 1986

cc B/UP

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MR NORGROVE

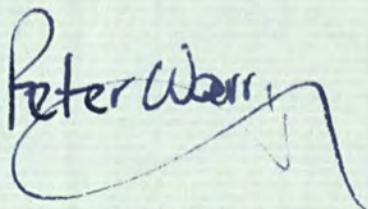
3 March 1986

TEACHERS' PAY

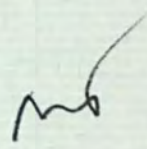
It seems impossible to devise terms for an enquiry that will be sufficiently acceptable to the unions to bring about an end to the current disruption, yet sufficiently robust to actually achieve 'better education'. We therefore continue to believe that the ACAS talks represent the best solution in the immediate future, and that an enquiry could be positively damaging.

Nevertheless, if an enquiry is pursued, DES will need to decide whether to announce the terms of the enquiry and the membership by fiat and therefore risk getting them turned down out of hand, or whether to negotiate with the unions and risk another Houghton.

The proposed membership seems strongly biased towards current or former labour party members and to representatives of the 'corporate state'. (Three of the five industrialists are personnel managers - exactly the wrong sort of people). The number of existing local government/teaching/academic establishment representatives could also be greatly reduced. As positive proposals Lords Harris, Keith, Chapple and Baroness Cox, Professors Yamey, Bauer, Minford and Foster, industrialist Sir Ian Morrow and John McIntosh for private schools, could all be considered.



PETER WARRY



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CB/UP

P 01942

PRIME MINISTER

The Teachers' Pay Dispute

MISC 122(86)7

BACKGROUND

When the Group discussed the teachers' pay dispute on 25 February they concluded that it would be wrong to intervene in the ACAS process at present, but they asked me to prepare contingent proposals setting out possible terms of reference and membership for a Government-sponsored inquiry in case such an initiative proved necessary. The Group also recognised the possible need for a separate initiative in Scotland to parallel the ACAS process in England and Wales.

2. The Secretary of State for Education and Science will be minuting to you later today to set out the latest position in England and Wales, reporting on Friday's and today's negotiations in Burnham. He will supplement this orally tomorrow morning as necessary. My note (MISC 122(86)7) sets out possible terms of reference and membership for an inquiry into pay and conditions of service.

MAIN ISSUES

3. The main issues are:

(i) to review progress in England and Wales, and to consider whether any Government action is necessary;

(ii) to decide whether any action should be taken in respect of Scotland.

The ACAS process in ENgland and Wales

4. The NAS/UWT ballot produced a 69 per cent vote in favour of



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ratifying the ACAS agreement, on a 58 per cent turn-out. They are therefore withdrawing their national instructions for industrial action, although it will be left to individual teachers to decide whether to return to "full normal duties". Such a return was a stipulation in the ACAS Memorandum of agreement, and the LEAs made it clear that they required all elements of the agreement to be implemented. So far, however, little progress seems to have been made on this point. At the Burnham talks on Friday, a number of LEAs seem to have taken a firmer line on assurances about a return to full normal duties before being willing to agree formally to the 1985-86 pay rise. There is also the continuing problem of the NUT. Their own ballot produced an 87 per cent vote (on a 56 per cent turn-out) in favour of suspending strike action if the pay deal is ratified, but they propose to continue to refuse to cover for absent colleagues or to undertake voluntary duties.

5. It is still, therefore, far from clear whether the LEAs will be prepared to ratify the agreement themselves. Sir Keith Joseph will, however, be able to report the latest position in the light of the resumed discussions today.

6. Meanwhile, in Scotland there are no new developments. Strike action is continuing, and with the first of the public examinations only about eight weeks away, the outlook for large numbers of pupils is increasingly bleak.

The Government's Options

7. The Group will wish to consider whether they should take any action in respect of England and Wales. This will depend to some extent on the outcome of today's Burnham Committee, but if the ACAS process is still alive in some form, there appears to be no reason to change the policy so far adopted that ACAS must be allowed to run its course. At any rate, to "hijack" it while it is running (which the Education Secretary may nevertheless still argue for) would not be easy to justify at this stage except in terms that would appear severely critical of ACAS and curiously timed.



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8. If this is accepted, the Group will need to address again the problem of Scotland. There is no prospect of an ACAS-type initiative getting under way there, and indeed there has as yet been no discussion at all of the quantum of a 1985 settlement. The unions continue to press for an inquiry into pay alone, while the employers are not prepared to consider any settlement above 5.5 per cent unless the Government are prepared to find more money. The Scottish Secretary will emphasise the very serious damage and the mounting public concern associated with the boycott of examinations, and will press for a decision to launch an inquiry for Scotland alone. The issues are well known to the Group. The risks of a high pay settlement, leading to repercussions for other groups and damage to the Government's previously firm stance on industrial action, must be set against the (possibly lasting) damage to the educational system of continuing disruption and the possibility (though by no means certainty) that an inquiry linking pay and conditions could (at a price) significantly advance the Government's objectives. Furthermore, an inquiry for Scotland alone could undermine the ACAS process in England and Wales. It would thus be desirable to set up any inquiry for Scotland in a form capable of subsequent extension to England and Wales should that prove necessary.

Terms of Reference and Membership on an Inquiry

9. MISC 122(86)7 sets out proposals for the terms of reference and membership of a possible inquiry, for either Scotland alone or for Great Britain, together with a number of issues the Group will need to address, such as implementation and enforcement.

10. The proposed terms of reference (paragraph 6) seek to link closely consideration of duties and conditions of service with pay structure and pay levels, and to place these considerations in the context of public expenditure restraint and safeguarding the interests of taxpayers and ratepayers. They also raise the question of the definition of duties and responsibilities in contracts of employment, providing scope for the Government to develop in its



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detailed evidence arguments about the present unsatisfactory situation where the unions can take extensive disruptive action at trivial cost to their members. Articles (d) and (e) of the terms of reference refers explicitly to future arrangements and to the key question of implementation and enforcement. If Ministers so chose, this could be a peg for among other things floating the idea of some form of standing Review Body.

11. The Group will need to consider whether terms of reference along these lines are sufficiently wide-ranging to ensure that the inquiry is clearly seen not to be about pay alone, while at the same time being specific enough to put unambiguously on the agenda the issues of particular concern to the Government.

12. One very important issue, to which my covering note draws attention, is the extent to which the inquiry should be asked to examine the roles of central and local government. Some members of the Group may think this desirable if radical solutions are to emerge, and at some point it can hardly be shirked. But on the other hand it does raise extremely complex and wide-ranging issues, on which an inquiry would be unlikely to be able to report within the four months envisaged for the pay and related issues. The Group will need to decide whether the words in square brackets of article (c) of the draft terms of reference should be explicitly included. A compromise might be to retain the word "financing" but to omit the specific reference to "the respective roles of central Government and local authorities". This would give the Government more time in which to consider how to try to steer the inquiry (either informally or through its formal evidence). If the inquiry delved thoroughly into this area, it might be necessary to think in terms of a two stage inquiry, with the first stage reporting on the more immediate operational issues.

13. The Annex to the paper gives a list of names suggested by various Departments, which represent a span of interests. In considering them or alternatives, the Group will need to have two points in mind.



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First, the need to strike a balance between a composition likely to produce robust results of which the Government would approve against the risk of appearing to pack the Committee with its own supporters. (In this context, the Chancellor of the Exchequer has, for example, suggested Lord Lever as a possible Chairman). There is the same delicate tight rope to tread here as with the terms of reference themselves. Secondly, the desirability if possible of making the inquiry look different from the traditional group of wise men set up to solve pay disputes. This argues for some new, and possibly younger, faces. But it is not easy to find acceptable younger names who could devote sufficient time to the exercise.

HANDLING

14. You will wish to ask the Education Secretary to report the latest situation in the Burnham discussions, and the Scottish Secretary to comment on the latest position in Scotland. You will then wish to discuss the Government's response in England and Wales and then in Scotland, on which all Ministers will wish to comment. If it is decided that an inquiry should be launched, either for Scotland or for Great Britain, the Group will need to address the issues of terms and reference and membership shown in MISC 122(86)7.

15. If a decision is made for an inquiry, you may wish to ask the Scottish Secretary, or the Education and Scottish Secretaries jointly if appropriate, to circulate a note for discussion in Cabinet on Thursday 6 March. You may recall that at the Cabinet discussion of Teachers' pay on 30 January you undertook to bring further appropriate reports to the Cabinet. If such a decision were ratified by the Cabinet, an announcement could presumably be made that afternoon (with the terms of reference if possible, but with names to follow later).

CONCLUSION

16. You will wish to reach decisions on:

1. subject to the report of latest developments by the Secretary of State for Education and Science, whether the



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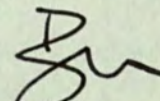
Government should continue to allow the ACAS process to take its course in England and Wales;

2. whether the Government should take an initiative in Scotland, and if so, whether that should take the form of a Government sponsored inquiry;

3. depending on 1 and 2, whether the draft terms of reference suggested in paragraph 6 of MISC 122(86)7 are acceptable, and in particular whether the question of central and local government responsibilities should be explicitly included;

4. the appropriate membership of the Committee;

5. whether a report should be made to the Cabinet on Thursday, 6 March and the initiative, if agreed by the Cabinet, announced on that day.



J B UNWIN

3 March 1986
Cabinet Office



COMPTON

PRIME MINISTER

TEACHERS' PAY DISPUTE

I attach a note prepared by my officials on last Friday's Burnham meeting. I think that colleagues should read the note as a vivid illustration of our problems. Burnham resumes at 2.00pm today and I shall up-date the position at tomorrow's meeting.

I think that the three key points in the current position are as follows:

- i. the NUT continues to oppose the ACAS agreement and is putting every obstacle that it can in the way of its implementation. It is now threatening a legal challenge and remains determined to continue to disrupt the schools if the ACAS agreement is adopted;
- ii. NAS/UWT are putting a narrow construction on their undertaking to cease disruptive action. The union is not going to instruct its members to resume goodwill; nor will it tell its local branches to withdraw letters to about 70 LEAs which threaten local disputes unless those employers back down and withdraw offending LEA statements on the range of teachers' contractual duties;
- iii. in the face of the position taken by the two biggest unions, the LEAs were unwilling (as of 7.30pm on Friday) to proceed with the implementation of the ACAS provisional agreement.

I cannot say what the prospects are for an accommodation between the employers and the unions at today's Burnham meeting. I am sure that the Labour-led employers will have spent the weekend looking for a formula which might allow them to concede the pay increase despite the threat of continuing disruption and

the absence of any real hope of delivering longer-term reform.
(Labour have 14 out of the 27 votes on the Burnham management panel.)

Copies of this minute go to members of MISC 122 and to Sir Robert Armstrong.

AK

KJ

Department of Education and Science
(Approved by the Secretary of State
and initialled in his absence)

3 March 1986

CONFIDENTIAL

THE TEACHERS' DISPUTE

1. The employers recognised at the beginning of the management panel meeting that they faced two major difficulties. First, they must get some assurance of an early resumption of normality in schools. They recognised that the NUT is committed to continue disruption (but not strikes, which cost their members pay) even if the agreement was adopted by Burnham with a 1985 pay settlement resulting. However, they hoped that if all other teachers returned to normal working, the NUT could be isolated and their disruption caused to melt away over time. It was therefore essential to their purpose that the other unions, NAS/UWT in particular, returned to normal working. Secondly, they were very conscious of the problem involved in sealing the pay element of the ACAS deal in Burnham without any certainty that the conditions element would subsequently be delivered in CLEA/ST.

2. The employers produced early on the following text which had been agreed at ACAS with all the teacher unions except the NUT.

"In response to a request by the Management Side for clarification of their attitude regarding Clause IV of the agreement of 24th January the teachers' organisations have confirmed that all instructions and advice issued in connection with the 1985 pay dispute have been or will be withdrawn forthwith so that the position of each organisation reverts to that in force before the dispute began."

3. Members noted that this wording meant that union headquarters would not be instructing or advising members to return to the pattern of work existing before the dispute began. That omission attracted sharp comment from employers of all parties. They agreed to seek clarification from the NAS/UWT at the

first possible opportunity during the day's proceedings. What emerged was worse than they had feared. Not only did the NAS/UWT not intend to advise or instruct their members to return to the previous patterns of working, but they also regarded the threat of local industrial action against employers which have issued statements setting down the range of teachers' contractual duties as beyond the scope of the ACAS words quoted in paragraph 2. (A copy of a typical local NAS/UWT letter is attached.) The employers' leader was staggered by this news and went off at once to see ACAS. They could not or would not seek to suggest what the words might mean. As one Labour employer put it, they faced the prospect of trading a national dispute with the NAS/UWT for 104 local disputes. That was clearly recognised by the employers as an impossible basis on which to agree the first (pay) leg of the ACAS provisional agreement.

4. While explorations proceeded about the threat of continued NAS/UWT disruption, the management panel turned to the second question, getting the provisional agreement through Burnham in a form which would allow optimists to regard the question of its subsequent adoption by CLEA/ST as of less than vital importance. The panel considered the following wording, again penned at ACAS in the early hours of Friday morning:

"In Burnham today we REGISTER that the parties have already RATIFIED the agreement and thereby we ADOPT it. We note that this therefore requires the independent chairman to convey Section II of the Memorandum to the Secretary of State. We further note:

1. that ACAS has now set in motion arrangements under Section III and it is anticipated that the first meeting with the independent panel will take place on 7th March; and
2. that the parties intend to adopt the agreement in CLEA/ST on 6th March."

This text was not discussed substantively. But my representatives believe that had it not been for the stumbling-block of continued NAS/UWT disruption, there would have been strong pressure within the management panel to adopt this wording. This would have meant retreat from the employers' earlier firm insistence that the provisional agreement should be adopted in both Burnham and CLEA/ST before the pay aspects should come into force. (It would have given the NUT their objective - continued separation of pay and conditions, with a pay deal and pay talks but negligible prospect of reform in duties and conditions.)

6. Meantime a furious dispute was going on in the teachers' panel, with the NUT claiming that the joint approach to pay and conditions of service involved in the ACAS agreement was ultra vires. We are not aware of the basis of that charge but understand that the Burnham Chairman, Sir John Wordie QC told the NUT that he saw no substance in their assertions. They say they will seek an injunction. We do not know whether they believe they have a case or whether they merely seek to impede progress. Whatever their purpose, it was clear that the NAS/UWT leadership felt under seige and unable to lead the other teacher unions to an improvement in the words in paragraphs 2 and 3 above which might have satisfied the employers and allowed the ACAS provisional agreement to be formally adopted in Burnham. The day ended without a formal meeting of the Burnham Committee.



NAS/UWT

The Career Teachers' Organisation

BURY BRANCH

Hon. Secretary

Mr. N. E. FAIRCLOUGH

Radcliffe High School,
Abden Street,
Radcliffe,
Manchester. M26 0AW.

Telephone: 061 - 723 - 3370



~~8, Waycroft Close,
Dreightmat,
Bolton,
Lancs. BL2 6TD.~~

Telephone: ~~Bolton 383914~~
061 723 4006

5th February, 1986

Dear Sir,

Dependent upon the result of the ballot being held over the Memorandum of Agreement drawn up with ACAS, the NAS/UWT may be withdrawing all instructions for industrial action in relation to the 1985 teachers' salary claim. If the vote is for acceptance of the agreement, the instructions could be withdrawn end of February/early March.

Since an element of the Agreement allows for negotiations to take place on conditions of service and contractual duties (with defined limitations), the NAS/UWT would wish all parties to the Agreement to revert to the positions with regard to these matters which existed prior to the 1985 Salaries Dispute.

The Bury Authority issued a letter to all staff on 25th February, 1985, which claimed various "duties" as contractual obligations upon teachers, and reserved the right to deduct pay for not carrying out these duties. On behalf of the NAS/UWT, I ask that this letter be withdrawn, so that the Authority returns to its position before the issue of that letter. If the letter is not withdrawn, the NAS/UWT in Bury, on the cessation of industrial action in relation to the 1985 pay claim, will immediately reinstate complete withdrawal of goodwill in a local dispute over contractual obligations.

My members would expect that, since the letter of 25th February 1985 was issued individually to all staff, any letter or statement withdrawing its claims will be distributed to staff in the same way.

Yours faithfully,

N. E. Fairclough



**METROPOLITAN
BOROUGH OF
BURY**

Director of Education
M. Gray BA MEd

Athenaeum House
Market Street
Bury, Lancashire
BL9 0BN

Telephone: 061-761 5121
Telex: 669853 (Bury G)

Our Ref. D/JT G.7/2

Your Ref.

When calling or telephoning ask for

25th February 1985

Dear Colleague,

The Authority desires to maintain its good relationships with teachers and has no wish to exacerbate the difficult situation in which they and the Authority find themselves in the current national negotiations on salaries and conditions etc. However, the Authority must take cognizance of the legal framework within which it has to operate and has received the following advice:-

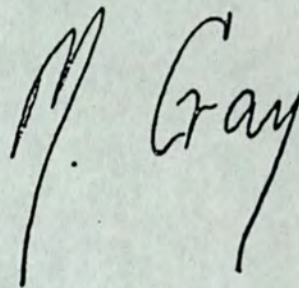
1. A teacher's contract of employment can include implied as well as expressed conditions.
2. Depending on the particular circumstances, including local custom and practice, a teacher can be considered to have a contractual duty to do all or some of the following:-
 - i) to work to timetables or to respond to necessary organisational changes which differ from those drawn up at the beginning of the school year;
 - ii) to undertake preparation, marking and writing of reports;
 - iii) to follow the normal practice of travel between split sites in cases where a travel allowance is normally payable;
 - iv) to cover for an absent colleague in accordance with the established policy of the Authority;
 - v) to attend staff and parents' meetings outside the hours of the school session in accordance with the established practice within educational institutions;
 - vi) to invigilate examinations outside the hours of the school session in accordance with the established practice within the educational institution.
 - vii) to undertake rostered duties at the beginning and end of each morning and afternoon session in accordance with the established practice within the educational institution.
3. Any breaches of such contractual duties would entitle the employing Authority to make deductions from a teacher's pay to represent the notional value of the services which the teacher has failed to provide.

continued

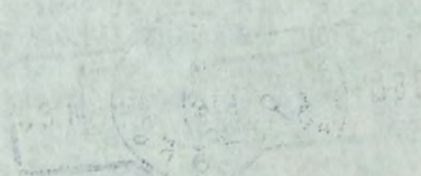
The purpose of this letter is to make you aware of the advice which the Authority has received and to point out that the Authority would regard a teacher as acting in breach of contract by failing to perform any of the above-mentioned duties which relate to him or her. Although the Authority has not taken any decision to make deductions from teachers' salaries for breach of contract in the event of industrial action, it would wish at this stage to indicate that it reserves the right to do so.

Finally may I express the hope that in the interest of all concerned, and especially the children, an early settlement may be reached by the representatives of the Local Authorities and Teachers' Unions Associations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Gray'. The signature is written in a cursive style with a large, stylized 'M' and a long, sweeping underline.

To: All permanent full and part-time
teaching staff in schools, sixth form
colleges, units and peripatetic services.





10 DOWNING STREET

Prime Minister

2

not

The employers are
very suspicious about the
teachers' willingness to
resume normal working.

No agreement has been
reached today in

Birmingham.

DLS

28/2

CONFIDENTIAL

PRIME MINISTER

28 February 1986

TEACHERS' PAY

It is clear that to achieve 'better education' and a lasting peace in the schools then new legislation will be required. Once Government has decided on the form this is to take, the easiest way would be to publish a consultative document and then move directly to a Bill.

But DES expect the ACAS talks will collapse and the disruption of the schools to be renewed. They believe an enquiry would end any such disruption and therefore see this as the better way of moving towards the necessary legislation for 'better education'.

But it is almost impossible to set terms of reference and membership of an enquiry that will both produce a temporary end to the disruption and the longer term goal of 'better education'.

Either the terms of reference and membership will be sufficiently tough to avoid another Houghton, in which case the unions will boycott it and the current disruption will continue, (Keith Joseph has frequently stated that the unions will abhor any enquiry into both pay and conditions).

Or the enquiry will be constituted along the lines of Houghton and Clegg and will recommend a restoration of Houghton pay levels with only lip service to 'better education'.

Any compromise between the two extremes seems likely to yield the worst of both worlds - both higher pay and continuing disruption.

If the ACAS talks are able to continue they must surely represent the best chance of ending the disruption without

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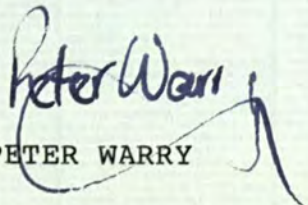
spending at least double the £1,250m on offer and perhaps considerably more. DES and others were never sanguine about the results of the NASUWT ballot, although the teachers ultimately voted 2 to 1 against a strike. Perhaps the DES are also being unduly pessimistic about the ACAS talks, especially if Government were to take a more supportive attitude than it has done so far.

Of course the ACAS talks will not lead to a long term solution of the education problem: this can only be done by taking education out of the hands of the LEAs and giving it back either to the parents (through voucherism) or to the paymaster (through a Central Education Service). But this offers no immediate solution, even if voucherism were started today it will take a long time to bite, whilst the Central Education Service would have to be a manifesto commitment.

Conclusion

It is almost impossible to formulate conclusions of an enquiry that would be sufficiently acceptable to teachers to bring about an end to disruption yet still yield 'better education' at a realistic price. We therefore strongly recommend that the Government should soldier on with ACAS and offer it all possible support.

Consideration could also be given to pressurising Conservative LEAs to take disciplinary action against those (NUT) teachers still in breach of their contracts. The LEAs defence that this will bring about a total closure of the education system must be much weaker now that the NASUWT have voted to end disruption.


PETER WARRY



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL - CMO

PRIME MINISTER

Prime Minister 2

DR

(There is a further meeting on
teachers' pay scheduled
for Tuesday next week.)

TEACHERS' DISPUTE IN SCOTLAND

1. I was grateful for the evident recognition by colleagues in MISC 122 of the very serious level of disruption that now exists in Scotland. It may be helpful to colleagues to be brought up to date on the situation as it is developing.

Strike Action

2. Educational disruption in Scotland has now been going on for over 18 months. Since the New Year the scale of EIS strike action has mounted rapidly, as the following figures demonstrate

<u>Week Ending</u>	<u>No. of teacher days lost</u>	<u>No. of pupil days lost</u>
10 January	1,127	22,244
17 January	639	9,840
24 January	3,487	50,594
31 January	7,451	126,255
7 February	10,122	187,375
14 February	12,542	214,787
21 February	11,967	210,043
28 Feb.		319,000

This week SSTA and NAS/UWT members as well as the EIS will be striking, and there is a likelihood that over half the secondary schools in the country will be on a three day week on average from now until the end of term.

Examinations

3. This disruption, will mean that many Scottish pupils will be woefully unprepared for the examinations that are to begin in April. Furthermore the Scottish Examination Board have advertised throughout Great Britain for markers, but even so are some 30% short of the markers they need. They face a choice between delaying the results for all candidates or issuing the Higher Grade results first and delaying those for candidates sitting Ordinary Grade until about October. The former course of action will seriously affect the timetable for allocation of university/college places. The latter course of action will cause chaos for pupils entering non advanced further education and starting Higher curricula in schools.

4. Additionally, as I reported in MISC 122(86)5, examinations may not be held at all in up to 50 schools; and candidates taking examinations which require a high degree of teacher input such as Craft and Design, Music or Home Economics are likely not to receive meaningful awards.

Immediate prospect

5. The month of March will be critical. The first of the practical examinations - in Home Economics - is due to start next week. More generally, each week that elapses increases the anxiety of candidates and their lack of preparation for the examinations.

6. A Government initiative is essential if the current deadlock is to be broken and massive damage to the education system is to be averted. The Government needs to be able to announce any initiative in the very near future.

7. Copies of this minute go to members of MISC 122 and Sir Robert Armstrong.

MR

M R

27 February 1986

Educ; Teachers Pay, 176



CONFIDENTIAL

CCBG



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

N.B.P.N.

Dear Secretary of State 27 February 1986

BURNHAM PRIMARY AND SECONDARY COMMITTEE - LONDON WEIGHTING

Thank you for your letter of 26 February.

I agree that your representatives should speak in the way you suggest if an offer of 6.9 per cent/8.5 per cent on the main London allowances is proposed and should abstain in the vote. I also think that they should abstain when it comes to the vote on the main deal. We could hardly oppose it in view of the general welcome we have given to its potential effects. However, as it does not guarantee anything on contracts or pay structures we could hardly vote in favour of it.

I am copying to the Prime Minister, MISC 122 members and Sir Robert Armstrong.

Yours sincerely

For JOHN MacGREGOR

[Approved by the Chief Secretary]

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EDUCATION

TRACKERS PAY

DTG



CONFIDENTIAL



SP

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

Prime Minister
DN

The Rt Hon John MacGregor Esq MP
Chief Secretary to the Treasury
Parliament Street
London SW1P 3AG

26 February 1986

See 102.

BURNHAM PRIMARY AND SECONDARY COMMITTEE - LONDON WEIGHTING

When the Burnham Committee meets on Friday it is possible that the teachers' panel will make an oral claim for an increase in London allowance from 1 April 1985.

If the NAS/UWT ballot produces a "no" vote, I am fairly certain that the management panel will simply receive any claim and defer a response until a future meeting. However, if there is a "yes" vote, we shall on Friday be starting the process of converting the ACAS provisional agreement into a formal 1985 pay settlement. In that event, it is possible that the employers may well wish to display a positive attitude by making a quick (and acceptable) offer on London weighting. In those circumstances, I cannot see that they would do other than offer to apply the 6.9%/8.5% general pay offer to the major London allowances (they might, as last year, halve the increase in respect of the fringe area.)

Should such a position be reached, we can be fairly certain that the two votes (out of 25) which my representatives have will not sway the balance. The choice is whether to use them, and be out-voted, or to abstain. By abstaining, I think we would avoid peripheral irritation with the Government and deny the employers and the unions (especially the NUT) the chance to make capital of what they will portray as the Government's negative attitude. Against this background, I propose to instruct my representatives to argue that the question of London weighting should be considered by reference to the considerations of affordability, recruitment and retention, to favour differential increases as between the fringe and other allowance areas, and to abstain in any vote to apply the 6.9%/8.5% increase (when that becomes the formal 1985 pay increase) to the London allowances.

Continued.....

I am sorry that this late possible addition to the Committee's agenda means that I must ask for any comments you may have by close of play on Thursday 27 February. (My representatives must leave for the meeting at 10.00am on Friday).

Copies of this letter go to the Prime Minister, Members of MISC 122 and Sir Robert Armstrong.

E. Kean

Kean

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PRIME MINISTER

BURNHAM PRIMARY AND SECONDARY COMMITTEE: LONDON WEIGHTING

Sir Keith's letter below suggests that DES representatives on Burnham should abstain in a vote to apply the 6.9 percent/8.5 percent increase (ie, the ACAS proposal for 1985) to the London allowances.

DES clearly cannot vote in favour, and there is an argument that they should vote against. The Government believes that a general increase of that size for 1985 comes without concessions on terms and conditions and is for that reason excessive. Arguably, the Government should therefore vote against on London Weighting.

On the other hand, higher London Weighting helps meet a real problem in London and the Government has said it is in favour of allowing the ACAS process to continue. Abstention is consistent with that.

I suggest you should not intervene in the correspondence unless you disagree with this conclusion.

*Agree conclusion
ms*

DRS

(DAVID NORGROVE)

SRWAPU

26 February 1986

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PRIME MINISTER

TEACHERS' PAY

There are private reports of the NAS/UWT ballot. It is said that they voted in favour of the ACAS agreement 70 - 30, on a 60 per cent turnout. The results are to be published formally at 1430 tomorrow.

ACAS have called a meeting of the parties for 1630.

The next question is whether the employers will decide to take the proposed deal to a meeting of Burnham scheduled for Friday. They are reported to be split, and the meeting could be delayed.

DAVID NORGROVE

25 February 1986

SL2AEX



CONFIDENTIAL

P 01931

MR NORRGROVE

Teachers' Pay Dispute

I fear that, despite earlier expectations, we still do not know the outcome of the NAS/UWT ballot. The latest information is:-

- the NAS/UWT are holding meetings all today in Birmingham. Their plan still is to announce the ballot result at a press conference at 12.30 pm tomorrow;
- ACAS intend, if the ballot result is favourable, to announce before Friday the names of their proposed 3-man panel which will organise the discussions. They also have a provisional plan to hold a meeting with the signing unions (not the NUT) and the LEAs at 4.30 pm tomorrow to discuss arrangements for ratification and the question of an end to the present disruption.

2. So ACAS clearly mean business, and the longer they proceed, the more difficult it will be to abort their exercise. But if the NUT continue with wrecking tactics, uncertainty is likely to last until well into next month.

J B UNWIN

25 February 1986

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COUCHINGTON

11



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CCB/UP

P 01929

PRIME MINISTER

The Teachers' Pay Dispute

MISC 122(86)6

BACKGROUND

The Group reviewed the position in the teachers' pay disputes last week. The Secretary of State for Education and Science described the progress towards ratification of the ACAS agreement, explaining that, although the immediate situation might be resolved by the NAS/UWT ballot, the NUT were intent on wrecking tactics and might be able to prolong the uncertainty for a further two or three weeks. The Secretary of State for Scotland described the steadily deteriorating situation in Scotland, with no prospect whatsoever of an ACAS-type agreement being promoted there, and more than half the secondary schools now on a two or three day week. The Group concluded that at some point the Government might be required to act, and while all options remained open asked me to circulate a note with particular reference to the possibilities of a Government-sponsored inquiry or a statutory review body. MISC 122(86)6 fulfils that remit and, although submitted on my own authority, takes account of extensive consultation and discussion with the Departments concerned.

MAIN ISSUES

2. The main issue is whether the Government should continue with its present policy, or whether the time is approaching for a Government initiative to break the impasse. If so, what form should this take?

The ACAS Agreement

3. In England and Wales, the first issue for the Group to consider is the prospect for the ACAS settlement. The result of the NAS/UWT



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ballot will formally be known on Wednesday. Initial indications are that it might produce a small majority in favour of acceptance, and DES hope to have firmer information on this by tomorrow morning. If this is so, the prospects then depend on the ability of the NUT to delay ratification and then to wreck the agreement. This in turn will depend to a large extent on the attitude of the LEAs; if they hold out for a guaranteed end to disruption before agreeing the 1985 increase the ACAS 3-man panel of inquiry is unlikely to get off the ground, although this will not be apparent until mid-March at the earliest. But there must be a risk that the employers will concede the pay increase while accepting the likelihood of further disruption from the NUT. Under either of these courses it is likely to be some time before a clear picture emerges, and if the Government decided to take any initiative the timing and presentation would need very careful consideration if it were not to appear to be sabotaging a process which held out the prospect - however illusory - of a settlement.

4. Even if the ACAS process continues in England and Wales, there seems to be no prospect of a similar settlement in Scotland in the short-term. It is possible that, given a settlement south of the border, the pressure would mount on both parties to achieve something similar in Scotland; but the Scottish Secretary has described a rapidly and seriously deteriorating situation and there may not be time to wait for this to happen. Indeed it may not be possible even to wait for the situation in England and Wales to become clear before some initiative is needed in Scotland, particularly given the alarming outlook for public examinations.

The Government's Options

5. Leaving aside the question of a separate initiative for Scotland, the broad choice facing the Government is between allowing the status quo to continue, or of an initiative to side-step the intransigence of the unions and the inadequacies of the present negotiating machinery. An initiative might take the form of an inquiry or a review body (RB).



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These options are explored in the paper MISC 122(86)6, but the key prior issue for the Group is to assess the risks and benefits of an initiative compared with 'doing nothing'.

6. The risks are well understood and serious: an inquiry or RB would be seen as a concession, could be expensive, and could have repercussions on other public sector pay groups. Against this, an initiative may offer the only way of breaking the impasse and of enabling the Government to tackle before the next election the fundamental problems it has identified in the education system. It seems increasingly likely that the Government will have to pay something more to resolve this dispute; an inquiry or RB might at least offer a better chance of securing something of value in return.

7. Treasury Ministers would still strongly prefer to avoid any initiative (or 'stand firm', as they would put it) and will rightly emphasise the potential costs. They will point to Annex A of the paper which shows the outcome of previous inquiries into public sector pay. Clearly some of these have been very expensive, although the graph at the rear of Annex D shows that notwithstanding Houghton and Clegg teachers as a group have done much less well than the national average since 1970. Education Ministers will respond that any new initiative would not be into pay alone but would also cover career progression and terms and conditions, so that the Government should gain something in terms of progress towards their education policy objectives in return for any money that is spent.

8. If it is decided to launch a Government initiative, the effective choice seems to lie between an inquiry and a statutory RB to replace the existing Burnham and CLEA/ST machinery. It would in principle be possible to move straight to legislation which gave the Government powers to determine pay and conditions of service. But (as argued in paragraph 15 of the paper) it is unlikely that such legislation would command any support - from teachers, the LEAs or the general public - unless preceded by some process of consultation, so that the problems

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of compliance would be even greater and there would be little prospect of an end to the present disruption. It is for this reason that the Group rejected this option at an earlier discussion.

9. Treasury Ministers see an inquiry as the lesser of two evils, on the grounds that an RB would be permanent and might result in continuing high settlements for teachers in future years, whereas an inquiry would be one-off and could be ignored. But against this, a one-off inquiry is more likely to suggest a high immediate award (since it has only one opportunity to establish an appropriate pay level), and would leave the existing (and totally inadequate) Burnham machinery in place unless something like an RB were established in its wake. Setting up an RB at once would at least have the advantage that changes in pay can move in step with improvements to structure and terms and conditions, with less risk of an immediate initial surge. An RB would, however, in other ways be a more radical solution; it might well, for example, be necessary to introduce a specific grant and to modify the existing RSG arrangements to make an RB effective. And the Government would have to be very firm in resisting RBs for other public sector groups. The paper outlines a number of particular issues which would need to be considered: in particular the precise relationship between an RB and the Secretary of State, whether further education and universities should be included, and how legal effects should be given to the RB's recommendations. These can be the subject of further detailed work in the Official Group if necessary.

Timing and Presentation

10. If it were decided to establish an inquiry or an RB, the Government would have to consider carefully the timing of such an initiative. If the ACAS process breaks down quickly in England and Wales, the field is clear and there are no particular sensitivities. But if the NAS/UWT vote is favourable our latest intelligence is that ACAS have it in mind to announce the composition of their 3-man panel of inquiry before the Burnham Committee meets on 28 February. If the panel reached that stage, it would clearly be much more difficult for the



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Government to seek to substitute its own inquiry or RB arrangements, particularly as it initially welcomed the ACAS agreement, and such a step would be greatly resented by both LEAs and unions, and by ACAS. So unless an initiative could be postponed until the ACAS process had been seen to have failed - which could be in mid-March if the NUT continue disruption or by the Summer otherwise - it would be imperative to make an early announcement. It might be possible for the Secretary of State for Employment to signal the Government's intentions to the Chairman of ACAS, thus avoiding them investing too heavily in a process the Government would wish them to abort.

11. Presentation would also need very careful handling. On the one hand the Government would want the establishment of an RB to appear as a constructive move, so as to win maximum support from the teachers, employers and the general public. As indicated above, this would inter alia point to a reasonable period of prior consultation (though certainly not a full blown Green Paper) and a substantial amount of autonomy for the RB. On the other hand the Government would want the terms of reference of an RB to be strict enough to avoid any impression of a climb down, and to offer a good prospect of achieving both the Government's financial and educational objectives. And care would need to be taken in explaining why it was agreed to establish an RB in this case whereas in the case of all the others pay alone is covered and all, or most, of the staff concerned do not take industrial action. The right presentation might be related to the inadequacy (for all parties) of the present negotiating machinery and the need to replace it in order both to get pay right and to restore discipline and professional standards in teaching.

HANDLING

12. You will wish to ask the Secretaries of State for Education and Science and for Scotland to give brief situation reports and in particular on the likely outcome of the NAS/UWT ballot. You will then wish to seek views on the options set out in paragraph 9 of my paper. All Ministers will have views, but you may care to invite the Lord



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President of the Council, who chaired a number of meetings for the Group before Christmas, to introduce the discussion. The Secretary of State for Social Services has been specially invited to this meeting in view of his responsibility for important review bodies, and you may wish to invite his general comments.

CONCLUSIONS

13. You will wish to reach decisions on:

(i) whether the ACAS process should be allowed to take its course in England and Wales;

(ii) if ACAS does proceed, whether there should be a separate initiative for Scotland;

(iii) if the Government decides to intervene to abort the ACAS process, or if it fails, whether the Government should launch its own initiative;

(iv) whether any such initiative should be in the form of an inquiry or a Review Body;

(v) what arrangements there should be for consultation;

(vi) when any initiative should be announced;

(vii) what further work should be remitted to the Official Group (eg on the detailed terms of reference, composition, implications for local government finance etc of an inquiry or Review Body).

J B UNWIN

24 February 1986
Cabinet Office



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

TEACHERS' PAY

We are to resume our discussion of the options tomorrow after Cabinet. Before that perhaps I could set out why I am so convinced that a Government-sponsored inquiry would be a serious mistake.

To sponsor an inquiry now would look like a reversion to the dangerous practices of the 1970s - symbolised by Halsbury, Clegg, and others. We would be caving in to industrial action, risking the high ground we gained during the coal dispute. In the run-up to the very difficult 1986 pay negotiations, other public sector groups would take it as a signal that if they push hard enough they will get their way, with all that implies for our ability to stick to the overall public expenditure totals. In their present fragile state, the markets would find such a move incomprehensible and it could only add to the pressures we now face. All this at a time when the widely-predicted explosion of public anger against the Government for our alleged responsibility for the dispute and ensuing disruption has conspicuously failed to materialize.

It would be very difficult indeed to repudiate the findings of an enquiry which we had established. This means in reality that we should end up footing a substantial part of the bill. The consequence for public expenditure would be multiplied by the obvious knock on effects on other public service groups. In return we should be guaranteed - and would, in all probability, get - nothing. We cannot steer an independent enquiry to deliver the recommendations we want. And we cannot



ensure that any of the recommendations on structure, however favourable, would be implemented as we should like. This would remain entirely in the hands of the local authorities and the teachers unions. The blunt truth is that we are powerless in this area, and we should recognise it.

An immediate announcement of an enquiry would not even ensure an end to the present disruption. On the contrary, it could well be seen as a wrecking exercise, likely to unite the teachers against us.

I recognise that letting ACAS go their own way would not be ideal by any means. But an ACAS committee is very different from a Government enquiry. We should be distanced from its recommendations on pay and under no moral commitment to finance them. ACAS may not greatly advance our restructuring objectives. But I doubt if this is a significant loss, given the very real difficulties there would be in getting the local authorities and unions to do anything which they do not like.

Allowing ACAS to proceed goes with the grain of the policies we have been trying to establish - letting employers and employees sort out their own disputes with minimum Government involvement. Our stance should be that we hope ACAS will be able to find a way through, while doing all we can to emphasise to parents and others where the real blame for all this lies.

I am copying this to other members of MISC 122.

Reichel Jones

N.L.

22 January 1986

*(approved by the Chancellor and
signed in his absence)*



SECRET AND PERSONAL

P 01926

From: J B UNWIN
21 February 1986

MR NORRGROVE

TEACHERS' PAY DISPUTE

You will receive for the Prime Minister this evening a copy of a note on the main options on the teachers' pay dispute, as commissioned by MISC 122 earlier this week.

2. The note discusses a range of possible options, concentrating on a Statutory Review Body on pay and conditions of service. While I have discussed the note in the Official Committee on teachers' pay, and taken Departmental views into consideration so far as possible, it has not in the time available been possible to produce a fully agreed document. But I do not think this would be possible anyway; the Treasury remain strongly opposed to either an Inquiry or a Statutory Review Body, and would still prefer to let the ACAS process take its course in England and Wales and let Scotland stew in its own juice. This does not, however, reflect the strong majority view of Ministers at MISC 122, and I have therefore, while acknowledging the risks, shaped the note accordingly.

3. The note does not at this stage go into precise details on possible terms of reference, composition etc for a Review Body. The key requirement now is for Ministers to make a judgement on the option or options they wish to go for. If that judgement is made, we can follow-up with precise and detailed proposals very quickly.

4. The MISC 122 meeting is scheduled for next Tuesday morning. Latest information is that the result of the NAS/UWT ballot will not formally be announced until midday on Wednesday. DES assure me, however, that they will have an informal indication of the outcome of the ballot before Tuesday morning, so that I do not think we should postpone the meeting.

J B UNWIN

SECRET & PERSONAL

CCB/UP

CONFIDENTIAL

PRIME MINISTER

21 February 1986

TEACHERS' PAY

ENGLAND AND WALES

The unique feature of the teachers' pay dispute is the refusal of the local education authorities to enforce the existing teachers' contracts. If the LEAs enforced the contracts, then the ability of the unions to undertake cost free disruption would be eliminated and the strike quickly brought to a head. Better contracts could, of course, produce better teaching. But this is a side issue to the strike itself, and is irrelevant if LEAs still refuse to enforce such contracts.

The Seventies were spent papering over the structural cracks in the education edifice without ever addressing the subsidence in its foundations. The teachers and the LEAs acted in a less overtly political manner, and the Government conspired by having an Inquiry every 5 years or so to boost the teachers' pay without ever altering the fundamental weakness in the system. There are now three underlying options open to Government:

- either continue with the present strategy of non-intervention;
- or change the system so as to take control away from the LEAs (centralisation, total decentralisation or voucherism);
- or revert to the old system of giving teachers the money.

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The way this choice is implemented - be it legislation, an Inquiry, a Review Body, or whatever - is solely one of mechanics. The fundamental decision is to choose the objective and then find the mechanism that will achieve it at least cost.

If it is decided to "give them the money", then ACAS may be the least damaging way of achieving this, both in political and financial cost. ACAS will no doubt cost more than the £1,250m allowed, but it seems most unlikely that an independent Inquiry would cost less or, indeed, achieve more for education. ACAS has the greatest chance of producing minor improvements (albeit not lasting ones) in the education system itself, because whatever results it does achieve will be produced by agreement between the teachers and LEAs.

The very worst sort of system would be one that cost money, achieved little for education, but undermined the whole basis of local authority finance: making it cost-free for LEAs to propose large pay rises for teachers. There is a real danger that a Review Body system, where the Government would have to honour whatever award was made, could bring exactly this about.

Review Bodies and Inquiries

Both the independent Inquiry and the Review Body are predicated on the assumption that these will be popular moves that will give the Government the locus to enforce unwelcome

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conditions on the teachers. This may prove to be untrue. The unions in England and Wales are most unlikely to welcome either an Inquiry or a Review Body, and are certain to oppose any recommendations on conditions of service that these bodies make. Public opinion will, as always, be fickle; it will not weigh the rights and wrongs of the case, but merely look to the Government to take action. The £1.25bn we have already promised the teachers has done nothing to improve the Government's ability to impose conditions on the teachers, and an Inquiry or a Review Body, whose membership and terms of reference are bound to be disputed, may have little more success. If doing this also means sabotaging an agreed ACAS procedure, then the national headlines can well be imagined.

Review Bodies work well where there is a proper balance of advantage and disadvantage on both sides. Thus, with the existing RBs, the Government effectively agrees (1) to be bound by the RB's recommendations but (2) is able to impose new conditions of service; whilst the unions effectively (1) do not strike and (2) know that the RB will take into account any changes in conditions of service. With the teachers, this balance of advantage and disadvantage to both sides does not exist. The Government is not able to enforce the conditions, and the teachers would not be prepared to give up the strike weapon.

With such a one-sided arrangement, there must be a very real danger that a teachers' RB would merely become an annual Clegg or Houghton award. Trying to remedy the lopsidedness by

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- 4 -

giving Government override powers is more likely to place the responsibility for disruption on Government, whilst still leaving the real authority to negotiate change with the LEAs who will continue to resist it.

An Inquiry may actually do less lasting damage than a Review Body. But until the fundamental problem of the LEAs' reluctance to enforce even the existing teachers' contracts is addressed, even an Inquiry can only be a holding action. Nevertheless, if such an Inquiry were established, then its terms of reference should be "how to produce better education, the pay and conditions of teachers, and the mechanism by which additional pay is only given to teachers after changes in conditions of service have been implemented".

Inquiries and Review Bodies are unlikely to deliver either peace or better education, but the real impact they could have is the unravelling of the whole of the public sector pay policy. The teachers would be the first group this Government has given in to, but there are many other groups with far better cases waiting in the wings.

Only changing the structure of the education system will remedy the inherent weakness of the Government's position. This could best be achieved by either centralising control of teachers, or by giving control of education back to parents (some form of voucherism). It may also be possible to achieve it through a total decentralisation which permitted a free market in teachers' employment. What cannot be allowed to

continue is the control of the teachers remaining neither with the paymaster nor the customer, but instead with LEAs, who seem neither to carry the can for the cost, nor for the poor educational results which they produce.

Conclusion

1. Taking control away from the LEAs is the only way to solve the real underlying problem in the education system.
2. If the teachers have to be given the money, then the best way to do this is by supporting ACAS rather than sabotaging it.
3. Continued non-intervention is the preferred course short of direct control. This could be best supplemented by:
 - making midday supervision work;
 - getting more standby teachers (or even parents) to cover for absent teachers;
 - increasing the propaganda offensive;
 - persuading a few Conservative-controlled authorities to sack teachers who are in breach of their contracts.

SCOTLAND

One way out of the present impasse - assuming that the NASUWT ballot in favour of the ACAS proposals - is for the Scottish

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Secretary to promise an Inquiry in Scotland, in the light of the conclusions of the ACAS talks in England and Wales (when these become known later in the year). This is a highly dangerous course, and should only be embarked upon if this promise holds a reasonable chance of the Scottish teachers at least temporarily ending their strike action. In practice it may give little away, as inevitably whatever comes out of ACAS will have ramifications for Scotland which it will be impossible to ignore.

We therefore recommend that no action should be taken in England and Wales until the ACAS talks come to fruition or break down; and that in the meantime, the pressing problem of examinations in Scotland should be tackled by:

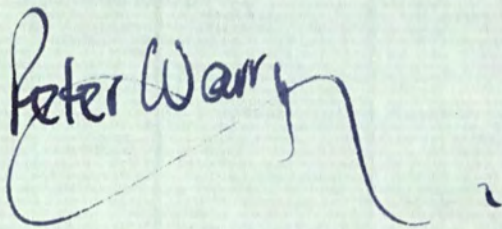
1. Trying to get more examiners by:
 - vigorously approaching retired teachers;
 - approaching the universities;
 - looking within the Scottish Education Department;
 - looking South of the border.
2. Guaranteeing that all the written exams will be held, even if this means sending out Education Department officials (even Ministers!) as invigilators.
3. Guaranteeing that no student will go without qualifications as a result of the teachers' actions, even if this means lowering standards or awarding aegrotat

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- 7 -

certificates to those who might not have passed in any
event.

4. Encouraging universities both North and South of the
Border to devise their own contingent assessment tests.

A handwritten signature in dark ink, appearing to read "Peter Warry", with a long, sweeping flourish extending to the right.

PETER WARRY



CONFIDENTIAL

P 01913

MR NORRGROVE

Teachers' Pay Dispute

As background to her Panorama appearance this evening the Prime Minister may like to have the following summary of the state of play on the provisional ACAS agreement.

2. The employers have almost unanimously endorsed the agreement. Of the five unions who signed the agreement, four are committed to it, and the NAS/UWT ballot is to be completed on Friday (21 February), with the result announced next Monday (24 February).

3. The Burnham Committee is due to meet on 28 February. Even with a successful NAS/UWT ballot, however, this will not resolve the situation. Under the terms of the ACAS agreement, there will also have to be a meeting of the Conditions of Service Negotiating Committee (CLEA/ST), for which the NUT provide the Secretariat on the teachers side and on which DES are not represented. The employers wanted to hold this also on 28 February. The NUT, however, are resisting this and are seeking a date as late as 13 March. This means, therefore, that uncertainty as to the outcome of the ACAS agreement could last into the middle of March.

4. It is still very difficult to predict the outcome. Some reports suggest that the NAS/UWT ballot will favour the agreement on around a 60:40 basis. But with the NUT intent on wrecking tactics, and union support very regionalised, the employers will want to judge very carefully what the prospect are for an end to disruption and for meaningful negotiations before they sign up on the 1985-86 8.5 per cent end loaded pay deal.

Line to take

5. If the Prime Minister is questioned about the ACAS agreement she will presumably want to stick to the broad line already taken, viz:-

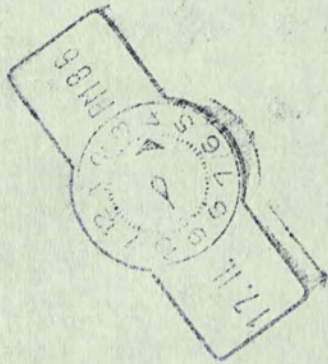


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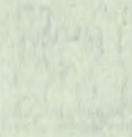
- the Government welcome the prospect of an end to disruption in schools and of constructive negotiations on pay structure and the clarification of teachers' duties;
- the Government therefore hope that the provisional ACAS agreement will be formally adopted and that all the teachers' unions will take part in it;
- the Government readily accept that, if we are to recruit, retain and motivate the high quality of teachers our children deserve, teachers' pay should be increased. This is why we have offered £1.25 billion over the next 4 years, which would give better rewards for better teaching, and facilitate nearly 75,000 extra promotions;
- but the taxpayer cannot reasonably be asked to find this massive sum unless it is linked to improvements in pay structure and clarification of teachers duties;
- we therefore very much hope that the ACAS negotiations will make enough progress to justify the release of these resources.

J B UNWIN

17 February 1986
Cabinet Office



CONTROL



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POLICY UNIT
NOTE

CC B/UP

PRIME MINISTER

17 February 1986

TEACHERS' PAY

Malcolm Rifkind wants an inquiry into Scottish teachers' pay and conditions. He proposes that it should not cover the role and duty of the local authorities, which is the real root of the problem on both sides of the border. For this he intends an internal inquiry, which if it is to solve the problems will almost certainly require new legislation.

Scottish teachers like those in England and Wales have already been offered a 10% increase over four years (£125m) in return for agreement on conditions of service. They have also been offered a 7% end loaded pay increase in respect of 1985/6.

Decisions cannot be taken on Scotland in isolation from England and Wales. The voting in the NASUWT ballot should end this Friday, the result be announced on the Monday and Burnham meet the following Friday (28 February). There is difficulty in also getting agreement from the non-statutory CLEA/ST body which is believed to be dominated by the NUT. But provided, as seems likely, there is a reasonable majority in the NASUWT ballot then one way or another the issue should be resolved by early March at the latest.

Even following such an agreement it will be touch and go whether the NUT resume normal working, especially in those schools where they are in the majority. The announcement of a Scottish inquiry even during this period must be likely to torpedo any fragile peace that has been achieved.

The only way out - and a highly dubious one - is to wait and see the Scottish teachers' reaction to a Burnham settlement. If they seem more amenable then, in return for an end to strike action, Malcolm Rifkind could promise an inquiry in

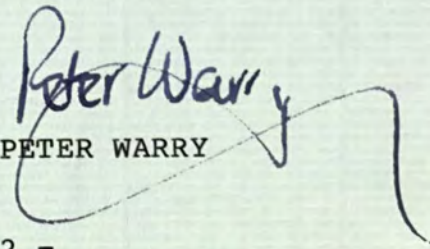
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Scotland in the light of the conclusions of the ACAS talks in England and Wales, (when these become known later in the year). If these talks do achieve a result the ramifications for Scotland would not be possible to ignore, and if they fail to achieve a result then some form of inquiry may become inevitable.

In the meantime the pressing problem is examinations, the Scottish Secretary should:

1. Try to get more examiners by:
 - vigorously approaching retired teachers;
 - approaching the Universities;
 - looking within the Scottish Education Department;
 - looking South of the border.
2. Guarantee that all the written exams will be held, even if this means sending out Education Department officials (even Ministers!) as invigilators.
3. Guarantee that no student will go without qualifications as a result of the teachers actions, even if this means lowering standards or awarding aegrotat certificates to those that might not have passed in any event.
4. Encouraging universities both North and South of the border to devise their own contingent assessment tests.


PETER WARRY

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CC 81UP



P 01915

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PRIME MINISTER

MISC 122(86)5, Item 2

Teachers' Dispute in Scotland: Proposed Inquiry

BACKGROUND

At the Group's meeting on 28 January the Secretary of State for Scotland pressed the case for a wide ranging Government inquiry for Scotland covering both pay and conditions of service as the only available means of bringing the current dispute to an end. The Group, while seeing great risks in proceeding with a Government sponsored inquiry, invited the Scottish Secretary to prepare proposals on the terms of reference and membership of a possible inquiry for them to consider. They decided, however, that there could be no suggestion of announcing any initiative while ratification of the ACAS agreement for England and Wales was in progress. The Scottish Secretary was also asked to explore the possibility of encouraging ACAS to become involved in the Scottish dispute.

2. In his Memorandum MISC 122(86)5 the Scottish Secretary reports that the situation remains deadlocked. The union continues to demand an independent review of pay only, and has not made a quantified claim in respect of 1985. The employers would agree to a review if it included terms and conditions of service, but only on the basis of more Government money. There is therefore no scope for conciliation. (An initiative by the Churches, which it had been hoped would provide an avenue for progress, has turned out to be no more than a different route by which the teachers' might achieve their objectives). The Scottish Secretary argues that time has now run out, and that establishing an inquiry into conditions of service as well as pay is the only realistic option other than providing extra money now. He seeks authority to announce his intention to set up an independent inquiry; his covering paper says nothing about the timing, although the fuller paper describing his proposals accepts that nothing should be said until the England and Wales agreement is securely on course



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for ratification.

MAIN ISSUES

3. The main issue is whether the Government should announce an inquiry into teachers' pay and conditions of service in Scotland. The Group will wish to concentrate on the principle: details of the terms of reference and membership can be finalised later if necessary. The Group will need to consider proposals for Scotland against three possible scenarios for the ACAS process in England and Wales:

- either the ACAS settlement gets under way;
- or it falls on the NAS/UWT ballot;
- or its future remains unclear because of uncertainty about the ending of disruption (see the brief on the current situation).

These are discussed below.

4. If the ACAS deal is ratified, the ACAS panel will begin its task of helping the unions and employers reach agreement on reforms to conditions of service. A Government sponsored inquiry for Scotland in parallel, however, might cause the panel to break down quickly, because the unions could see an inquiry modelled on Houghton and Clegg as representing a better chance of restoring their historic position in the pay league (despite the Government's very different intentions in establishing such an inquiry) and could therefore seek similar treatment. Alternatively, if the ACAS process were completed, but with different and incompatible conclusions North and South of the border, this would be awkward for the Government, since it would enable the unions to try to secure the best parts of each set of recommendations.

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5. If the ACAS agreement is rejected in England and Wales, the Government will have to reassess its position. The Education Secretary now sees some attractions in establishing a teachers' review body, and we have contingent work in hand on the practicability and implications of this approach which can be considered by the Group at the meeting provisionally fixed for 4 March. If the review body approach is adopted, there would be both logic and advantage in adopting similar systems for the different parts of Great Britain. It would therefore be premature to establish an inquiry in Scotland now.
6. Continued uncertainty about the prospects of the ACAS settlement would add to Scottish as well as English and Welsh difficulties. The longer any announcement is delayed, the worse the disruption of this year's public examinations. But early announcement of an inquiry in Scotland would add to the difficulty of agreeing in CLEA/ST to the ending of disruption in England and Wales, while making such an announcement after an early breakdown in the ACAS process could prejudice the prospects of consultation aimed at clearing the way for the establishment of a statutory pay review body.
7. Whatever happens next, there remain considerable risks in agreeing to a Government-sponsored inquiry for any part of Great Britain. There could be repercussions for other public service pay negotiations; and the Government would find it more difficult to set aside the conclusions of its own inquiry if they proved unsatisfactory than to distance itself from the outcome of the ACAS process.
8. There are therefore significant disadvantages in a separate inquiry for Scotland, whether or not the ACAS agreement is ratified. The Scottish Secretary argues, however, that the initiative now rests with the Government, and that some action must be taken. Ideally, some ACAS inspired settlement would be the best way forward from the Government's point of view, but no opening has so far been identified. A successful outcome in England and Wales would put some pressure on the unions in Scotland to come to the negotiating table, particularly as the accrued back pay in respect of the April 1985 settlement will



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be significant. But there remains the problem of the Scottish LEAs who refuse to contemplate a 1985 settlement higher than about 5½ per cent unless the Government makes additional money available. It may perhaps be for consideration whether the Government could do more to persuade them to fall into line with their England and Wales counterparts, or whether in the last analysis some very limited concessions on local Government financing might resolve the impasse. Meanwhile time is running out with the approach of the public examinations and the pressure on the Scottish Secretary is likely to increase.

HANDLING

9. You will wish to invite the Scottish Secretary to introduce his paper. The Education Secretary will wish to speak on the interaction with developments in England and Wales. All members of the Group will wish to express views, particularly the Chancellor of the Exchequer, who may be expected to resist strongly any prospect of an inquiry.

10. It would seem desirable to avoid any final conclusions until at least the results of the ACAS initiative are known. As indicated, a meeting of the Group has been arranged provisionally for 4 March ie after the meeting of the Burnham Committee for England and Wales. If the possibility of an inquiry remains open, you may wish to invite the Official group on teachers' pay to consider in detail the proposed terms of reference, mode of operation, and membership set out in the Annex to the paper, and to report back to the next meeting of the Group. If the weight of opinion is against an inquiry for Scotland alone, you may wish to satisfy yourself that every avenue has been explored which might open the way to an agreement in Scotland comparable with that in England and Wales by ACAS. If the latter breaks down, it will, of course, be necessary to consider afresh the desirability of inquiries covering the whole of Great Britain.



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CONCLUSIONS

11. You will wish to reach conclusions on:

(i) whether the Scottish situation is such that there must be a Government-sponsored inquiry for Scotland alone;

(ii) if so, how the announcement should be timed in relation to progress towards ratification of the ACAS settlement for England and Wales. Alternatively,

(iii) whether a decision should be postponed until the England and Wales position is clearer.

12. It will not be necessary to settle the terms of reference and membership of an inquiry at this meeting. Although the Scottish Secretary's proposals look sensible enough, these issues (as suggested above) can be left until later.

J B UNWIN

17 February 1986
Cabinet Office



CC B/UP

P 01914

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PRIME MINISTER

MISC 122(86)3rd Meeting Item 1

The Teachers Pay Dispute: England and Wales
(To be raised orally)

BACKGROUND

In January talks under the Advisory Conciliation and Arbitration Service (ACAS) resulted in a provisional agreement between the employers and five of the teachers' unions, with three elements:

- (i) A pay increase in respect of April 1985 worth 6.5 per cent in the first year but end-loaded to 8.5 per cent;
- (ii) an end to disruption;
- (iii) the establishment of a three-man independent and impartial panel to assist the management and unions towards agreement on changes in pay, structure, and career progression as part of the future pay settlements.

2. The agreement was subject to ratification on both sides and the latest position is summarised in my separate minute to Mr Norgrove of earlier today.

3. There is no decision to be taken at this meeting. The item has been included to give the Education Secretary an opportunity to bring his colleagues up to date with the latest developments. A further meeting of the Group has been provisionally arranged for Tuesday 4 March, to enable the situation to be reviewed in the light of the NAS/UWT ballot and the meeting of Burnham. We are preparing in the Official Group on Teachers' Pay (MISC 123) a paper on a possible statutory review body which should also be available for that meeting.



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HANDLING

4. You will wish to invite the Education Secretary to give a brief situation report before moving to the main agenda item.

J B UNWIN

17 February 1986
Cabinet Office

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P 01913

MR NORGROVE

Teachers' Pay Dispute

As background to her Panorama appearance this evening the Prime Minister may like to have the following summary of the state of play on the provisional ACAS agreement.

2. The employers have almost unanimously endorsed the agreement. Of the five unions who signed the agreement, four are committed to it, and the NAS/WT ballot is to be completed on Friday (21 February), with the result announced next Monday (24 February).

3. The Burnham Committee is due to meet on 28 February. Even with a successful NAS/WT ballot, however, this will not resolve the situation. Under the terms of the ACAS agreement, there will also have to be a meeting of the Conditions of Service Negotiating Committee (CLEA/ST), for which the NUT provide the Secretariat on the teachers side and on which DES are not represented. The employers wanted to hold this also on 28 February. The NUT, however, are resisting this and are seeking a date as late as 13 March. This means, therefore, that uncertainty as to the outcome of the ACAS agreement could last into the middle of March.

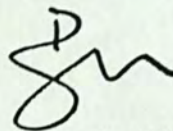
4. It is still very difficult to predict the outcome. Some reports suggest that the NAS/WT ballot will favour the agreement on around a 60:40 basis. But with the NUT intent on wrecking tactics, and union support very regionalised, the employers will want to judge very carefully what the prospect are for an end to disruption and for meaningful negotiations before they sign up on the 1985-86 8.5 per cent end loaded pay deal.

Line to take

5. If the Prime Minister is questioned about the ACAS agreement she will presumably want to stick to the broad line already taken, viz:-

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- the Government welcome the prospect of an end to disruption in schools and of constructive negotiations on pay structure and the clarification of teachers' duties;
- the Government therefore hope that the provisional ACAS agreement will be formally adopted and that all the teachers' unions will take part in it;
- the Government readily accept that, if we are to recruit, retain and motivate the high quality of teachers our children deserve, teachers' pay should be increased. This is why we have offered £1.25 billion over the next 4 years, which would give better rewards for better teaching, and facilitate nearly 75,000 extra promotions;
- but the taxpayer cannot reasonably be asked to find this massive sum unless it is linked to improvements in pay structure and clarification of teachers duties;
- we therefore very much hope that the ACAS negotiations will make enough progress to justify the release of these resources.



J B UNWIN

17 February 1986
Cabinet Office



10 DOWNING STREET

Prime Minister 2

To see, in advance
of a meeting on Tuesday,
Sir K Joseph is reported
to be increasingly enthusiastic
about the idea of a review
body for England and Wales,
though that will not be on
Tuesday's agenda.

DRS

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MISC 122 (86) 5

EA (86) 2 + 9

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CC BG



P 01909

From: J B UNWIN
12 February 1986

MR WIGGINS

cc Mr Roberts
Mr Norgrove - No 10

COPY FOR

TEACHERS' PAY

I have discussed further with Mr Halsey at DES the handling of the next stages on teachers' pay.

2. At present, we are scheduled to have a meeting of the Official Committee (MISC 123) next Monday to discuss a paper by DES on a statutory review body; to be followed the next day (18 February) by a meeting of Ministers (MISC 122) to consider a paper by the Scottish Secretary on the case for a separate inquiry in Scotland. We have also put on the agenda of MISC 122 an oral report by the Education Secretary. The purpose of this is to enable him briefly to give his colleagues an assessment of the latest position on the ACAS agreement, and not to initiate a discussion on the proposal for a statutory review body.

3. The result of the NAS/UWT ballot should be known on 24 or 25 February. It will then be discussed in the Burnham Committee on 28 February. The question arises of when it would be sensible to arrange a further Ministerial meeting to discuss the situation in England and Wales.

4. The Education Secretary appears to be generating enthusiasm daily for a statutory review body, and is anxious to bring the proposal to his colleagues and start contingency drafting of the legislation and a consultation document as soon as possible. Subject, however, to the outcome of next Tuesday's MISC 122 meeting, I see no need for a further MISC 122 meeting until the week beginning 3 March. Ministers should then know whether the ACAS agreement has been accepted or rejected. If the former, they will presumably want to let it take its course, and consideration of a possible statutory body can proceed in measured time. If the latter, it will be reasonable in any case for the Government to take a little time in which to assess the situation and to decide how to move forward. There could be little question of an immediate announcement of a statutory body or any other initiative.

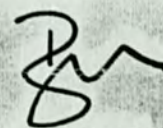
5. My conclusion, therefore, is that we should think in terms of a further



meeting of MISC 122 early in the week beginning 3 March, although this may be unnecessary if the ACAS agreement is ratified by a reasonable majority.

6. It will, however, remain most important not to let the Scots get out of line. Not only would the establishment of an inquiry in Scotland while the ACAS agreement is under consideration torpedo prospects for that agreement, such an inquiry could also undermine the position in England and Wales while the ACAS Panel discussions are proceeding. I assume that there can be no question of MISC 122 accepting the Scottish Secretary's proposal for an inquiry next Tuesday; but he will no doubt continue to press very hard for it whether the ACAS agreement is accepted or not. We shall need to cover this in our briefing.

7. Mr Halsey is still unwilling to hazard a guess on the outcome of the NAS/UWT ballot. The general view seems to be that it could be a fairly close thing. He confirms, however, the DES view that the announcement yesterday by the NUT that they propose to participate in (some parts of) the ACAS discussions is no more than a wrecking tactic. While wishing to present a reasonable face to the general public, their intention is to do what they can to ensure that any ACAS talks on career structure and conditions of service etc do not get anywhere.


J B UNWIN



CONFIDENTIAL CMO



Prime Minister²
JLR
P/2

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

3 February 1986

Dear Secretary of State

TEACHERS' PAY

Thank you for copying to me your letter of 31 January to John Biffen, enclosing the statement you plan to make today. ^{at flap}

I have no comments on the statement, which seems to me to hit exactly the right tone given the sensitivities involved with the local authorities' meeting and the NAS/UWT ballot.

But I am concerned about the line you propose to take in answering questions about what the local authorities can afford for teachers' pay. The deal negotiated at ACAS might well mean that provision for education would be over-spent in 1986-87. But that does not mean that local authorities cannot "afford" it - with the implication that we must provide more money now. In the Public Expenditure White Paper, we acknowledged that local authorities might spend more than provided in the plans, and that we had taken account of that in setting the Reserve. Local authorities will have to take account of the ACAS outcome in drawing up their budgets for 1986-87. If they cannot find sufficient savings within education or from other services, then it is the rate payers who will have to find more.

CONFIDENTIAL CMO

EDUCATION PTG

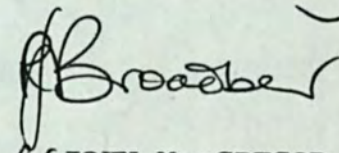
Teacher Pay CONFIDENTIAL CMO

I suggest that in reply to questions about affordability of the deal drawn up at ACAS, you should avoid discussing the arithmetic, but say that the ACAS outcome was freely entered into by the local authorities as the employers, and it is for them to judge what they can afford. You might also say that it is for them to seek offsetting savings to protect their rate payers, and for both sides to make progress on new contracts, etc, so as to unlock the extra assistance the Government offered last summer.

I was grateful to you for giving me the opportunity to comment on this. If you agree, I think it could be helpful if we kept in touch, perhaps at official level, about statements etc over the coming weeks.

I am copying this letter to the Prime Minister, Members of MISC 122, the Lord Privy Seal, the Chief Whip and Sir Robert Armstrong.

Yours sincerely


JOHN MacGREGOR



[Approved by the Chief Secretary]

CONFIDENTIAL CMO

Teachers (Pay and Responsibilities)

3.55 pm

The Secretary of State for Education and Science (Sir Keith Joseph): With permission, Mr. Speaker, I should like to make a statement on the teachers' dispute, which has caused disruption of children's education for the past year.

The House will be aware that, with assistance from ACAS, a provisional agreement has been reached between management and teachers on a settlement for 1985, an end to disruption, and assisted negotiations across pay and other conditions of service for 1986. The Government greatly welcome the prospect of a firm agreement of this kind along with the restoration of normal working in the schools. The disruption has not only damaged children's education. It has put heavy burdens on parents, head teachers and on many classroom teachers. We all want to see it end. I hope therefore that the provisional agreement will soon be formally adopted by management and teachers.

The NUT is not at present party to this agreement. I nevertheless hope that all the teachers' unions will join in the negotiations that lie ahead for 1986. The Government accept the case for an increase in teachers' pay to recruit, retain and motivate the teachers needed for the high quality school education our children need and deserve, along with improvements in the pay structure and a clarification of teachers' responsibilities. The Government have set aside additional resources for this purpose. I therefore hope that the forthcoming negotiations will soon make sufficient progress towards the Government's objectives to justify my releasing those resources.

Mr. Giles Radice (Durham, North): Does the right hon. Gentleman accept that he and his Department did, and have done, nothing to help bring about a settlement of this highly-damaging teachers' dispute, and that his statement today does nothing to make a long-term settlement of the teachers' grievance more likely?

Is it not the case that the right hon. Gentleman has not offered the local education authorities any extra money to help pay for the provisional settlement, nor has he offered to increase the Government's contribution towards a longer term settlement next year?

When will the right hon. Gentleman grasp the simple truth — a truth that is well understood by local authorities, parents and teachers alike — that raising educational standards and giving teachers decent salaries requires substantial extra investment?

Does the Secretary of State understand that his announcement that he will not be standing at the next election has transformed him overnight into the lamest of lame ducks? If he really cares about our children's education he should announce that he is resigning as Secretary of State.

Sir Keith Joseph: The Government have long taken the view—a view that we have every reason to confirm—that teachers deserve to have more pay in order that people of the right quality shall be recruited, retained and motivated. The Government have accepted that. We also believe that it would not be right for additional money to be given to teachers from the taxpayer without, at the same time, the teachers agreeing to a new pay structure with ample extra promotions and to implementing their duties.

The House is united in wanting an end to the disruption in our schools. There is, however, a difference between the Government and the Opposition which I must emphasise. The Government see a bargain for children in calling for extra pay and a new pay structure for teachers but we also believe that there should be an acceptance by the teachers' unions of duties. The hon. Member for Durham, North (Mr. Radice) is active in seeking extra pay for teachers, and I can understand that. However, he completely refuses to accept that teachers, for their part, should accept duties. When he was asked that in a recent debate, he refused to confirm that it was the Opposition's view that duties are a necessary part of the bargain.

Mr. Alan Haselhurst (Saffron Walden): If there is to be a complete resolution of the dispute, does my right hon. Friend agree that it is crucial that rank and file teachers should be persuaded to accept the outline of the ACAS agreement? Is it not therefore most important that to persuade them, the Government should make it clear what benefits are on offer in the later negotiation for 1986 onwards? Those possibilities might be enhanced before negotiation begins.

Sir Keith Joseph: I accept what my hon. Friend said. It is important that teachers in unions should well understand what is on offer and that the Government have already set aside a substantial sum of money to be released on condition that the bargain to which I have referred is made. The Assistant Masters and Mistresses Association has already called off the disruption. I welcome that, as I am sure the House does. The National Association of Schoolmasters/Union of Women Teachers is balloting its members. We understand that the ballot will take much of this month. I hope that the National Union of Teachers, which has called off the strike on which it provisionally decided, will decide to call off the disruption which it proposes at the moment to continue.

Mr. Clement Freud (Cambridgeshire, North-East): The Secretary of State said that he would make sufficient progress towards the Government's objectives. Will he confirm that those objectives are the same as those that he spelt out to the House previously? Does he accept that the more intransigent he is, the more succour he gives to the hard-line unionists? I wonder whether he read today's leader in the *Daily Mail* which finishes:

"The Cabinet should empower Sir Keith to give a kindly—and astutely kind smile—(cash to follow) before he finally bows out."

Perhaps he would like to manifest that.

Sir Keith Joseph: If we had not been firm and said that extra pay for teachers from the taxpayer would only be forthcoming if, in return, they accepted their duties, a new pay structure and extra promotions, we would not by now even have a discussion of that bargain on the agenda.

Mr. Patrick Thompson (Norwich, North): I join my right hon. Friend in deploring the damage that has been done to our children's education by this long dispute. Does he agree that we must somehow find a way of encouraging those moderate and conscientious teachers who intensely dislike the strike weapon and who, in many cases, have rejected it? Can we not in the longer term move towards some kind of professional teachers' council, and hope that we can move towards negotiating a no-strike agreement?

Sir Keith Joseph: I agree with my hon. Friend and pay tribute to all those teachers, in particular head teachers,

[Sir Keith Joseph]

who have carried on without disruption. I am ready to support the idea of a general teachers' council, if that is the wish of the majority of teachers, but I should need first to be convinced that it would operate on behalf of the children as well as taking an interest in teachers.

Mr. Jack Thompson (Wansbeck): In his statement, the Secretary of State used the words, "normal work in schools". Do I take it that he was referring to the time before the teachers' dispute arose when teachers performed many out-of-school activities including taking children for Saturday morning football matches and that type of thing? The feeling that I receive in my constituency and beyond is that in the foreseeable future—certainly not in the Secretary of State's lifetime—teachers will not go back to normal working in schools. Even if there is a settlement, normal working in schools, as we recognised it before the dispute, will not return. Teachers are resisting the demands for out-of-school activities made upon them.

Sir Keith Joseph: The answer to the hon. Gentleman is yes, except that the Government are now separately financing midday supervision, as he and the House are aware, and we are asking that that appraisal be considered as part of the duties.

Mr. Robert Key (Salisbury): Is my right hon. Friend aware that the majority of teacher unions such as the AMMA and the NAS/UWT are prepared to talk about restructuring, conditions and appraisal, whereas the impression is given that they are not? Does he agree that the ACAS panel, which has been established, should become a son of Burnham—an embryo negotiating body?

Sir Keith Joseph: I welcome what I know is the correct attitude of a number of unions. Burnham is needed under the law to validate and implement any agreement made under the ACAS umbrella.

Mr. Nigel Spearing (Newham, South): Is the Secretary of State aware that education requires a degree of consent and confidence before any learning can take place? Was it not his responsibility and duty to separate the issues that he mentioned earlier so that there was not the disruption that has taken place, and to ensure that discussion went forward on two different levels to avoid the disaster that we have just experienced?

Sir Keith Joseph: I agree with the hon. Gentleman's first proposition, but I do not think that the blame for the teacher unions' reluctance to discuss pay and what pay is for falls upon the Government.

Mr. Harry Greenway (Ealing, North): Does my right hon. Friend accept that everyone is pleased to see teachers paid more? Does he accept that, unfortunately, the strike that we have seen over the past year has been the tip of the iceberg and that there has been serious disruption in schools for the past three years, with books not marked, work not prepared, parent-teacher evenings and evening interviews with parents not held? Will he do all that he can to ensure that the forthcoming discussions under the ACAS umbrella will ensure a full return to proper duty by all teachers so that children once more have the proper education that they deserve?

Sir Keith Joseph: Yes, Sir. It is to avoid a repetition of the experience of the past three years that the Government attach such importance to the acceptance by the teacher unions of their duties in return for additional pay and a revised pay structure.

Mr. Peter Hardy (Wentworth): Does the Secretary of State recall an earlier reference to moderate and conscientious teachers? Does he recognise that even the most moderate and conscientious teacher perceives that the damage which has been done to British education during the past year or two is greater than anything it has ever experienced? Is he aware that that damage will not be relieved, if he was accurately reported following the settlement by the suggestion that the Government would not find the money to pay for any improvements? Will he make it absolutely clear that the Government will find the money or local authorities, whether they be Labour or Conservative-controlled, will all be found to be in default by the Secretary of State for the Environment?

Sir Keith Joseph: Such an inaccurate quotation is beneath the hon. Gentleman's normal standing. I never said any such thing. I repeated what the local education authorities have said the whole time, that to honour the agreement that they have now made would strain their resources a great deal.

Mr. Peter Bruinvels (Leicester, East): My right hon. Friend is to be congratulated on making it clear that the Government are ready to negotiate on the excellent ideas produced by ACAS. Will he make it his prime duty to publicise the fact that from 1 April 1986 a new teacher will get at least £7,037 and that a teacher on the top of the scale will get £11,969? Is that not a commitment to the teaching profession, and does it not show that the Government put the children first?

Sir Keith Joseph: I agree with much that my hon. Friend said. To confirm the attitude that I am seeking to express, I should like to quote one sentence from a letter that I wrote to the chairman of the employers' panel and released to the press:

"the Government is only too eager to be able to justify such extra spending on teachers' pay and better rewards for effective teaching, in return for an acceptable bargain with the teachers on pay structure and on duties."

Mr. Dennis Skinner (Bolsover): Have not the Government a cheek to be telling the teachers that they cannot have proper pay deals when the same Government voted through 19 per cent. for top salaries and in 1985, nodded through an average 17 per cent. wage increase for those in business management and top executives? The same Government keep referring to co-operation with regard to the teachers, but they refuse to co-operate with House Committees and instead plead the fifth amendment. They have ex-Ministers who will not tell the truth, and yet they are asking—

Mr. Speaker: Order. This has nothing to do with the statement.

Sir Keith Joseph: It is on the same perception of the need to recruit, retain and motivate people of the right quality that the Government agreed with the recommendations of the Top Salaries Review Body and they have made available to teachers an extra £1.25 billion in return for them doing their duties.

Mr. Speaker: May I remind the House, as the hon. Member for Epping Forest (Sir J. Biggs-Davison) has done, that we have an important debate following this statement, and I also have notice of two Standing Order No. 10 applications. I shall allow questions to continue for a further five minutes and I hope I shall be able to call most of the hon. Members who are now standing if they ask brief questions.

Mr. Michael Latham (Rutland and Melton): Is my right hon. Friend aware that those of us who have advocated a review body and who still believe in one, nevertheless believe that an honourable settlement has been negotiated by ACAS? It will not be understood by parents if disruption does not cease forthwith.

Sir Keith Joseph: I agree very much.

Sir Kenneth Lewis (Stamford and Spalding): Is my right hon. Friend aware that I shall not consider myself a lame duck for the rest of this Parliament and therefore I see no reason why he should? If this settlement is decided by Burnham and most of the teachers' unions therefore accept it—it would presumably be imposed after that—is there any reason why members of other teachers' unions should not withdraw their support for the NUT who will be the only body opposing it? After the new Burnham decision the NUT could not justify opposing the agreement.

Sir Keith Joseph: I very much hope that the NUT executive and its members will change their attitude.

Mr. Peter Lilley (St. Albans): Does my right hon. Friend agree that this agreement could have been reached last year when he first offered an extra £1.25 billion if at that stage the NUT had not still had a majority on the Burnham committee? It is only because the NUT lost that majority that this progress has become possible. They lost that majority because teachers voted with their feet for a more moderate approach to the settlement and to take up the olive branch which my right hon. Friend had offered.

Sir Keith Joseph: It might have been possible to provide extra money from the taxpayer had there been a with strings agreement for 1985-86 instead of a no strings agreement. That prospect was wrecked when the NUT walked out of the negotiations in December 1984.

Mr. Nicholas Lyell (Mid-Bedfordshire): I welcome the settlement so far, but will my right hon. Friend constantly re-emphasise the importance of restructuring to any long-term solution to the teaching profession's pay and conditions problem? Will my right hon. Friend confirm that the Government are willing to fund the increased costs of such restructuring, and will he recognise the difficulties of the local education authorities in the interim of funding a proper settlement?

Sir Keith Joseph: I agree about the importance of restructuring. The Government had provided, on condition, the extra money which would have enabled substantial restructuring and no fewer than 74,000 extra promotions, had the offer put forward by the employers in September last year, on the basis of the Government's extra money from the taxpayer, been accepted and not rejected.

Mr. Alan Howarth (Stratford-on-Avon): Is my right hon. Friend aware that the concluding remarks of the hon. Member for Durham, North (Mr. Radice) are regarded by Conservative Members as deplorable? There is great respect on this side of the House and in the country for what my right hon. Friend has set out to do as Secretary of State. Is my right hon. Friend aware that there is widespread support in Britain for his insistence that the Government will not underwrite a new pay settlement to teachers until such time as their unions are willing to accept a proper professional contract which includes forswearing the disruption of schools now and in the future?

Sir Keith Joseph: I am grateful to my hon. Friend and agree with him. I am genuinely surprised that the hon. Member for Durham, North allows himself to reject the idea of the duties of teachers as part of the bargain.

Mr. Richard Hickmet (Glanford and Scunthorpe): Will my right hon. Friend accept that his term of office has been characterised by a genuine desire to improve standards in our schools? Does my right hon. Friend not agree that in the light of the ACAS proposals the time has come to stop disruption in our schools especially in marginal constituencies such as mine—*[Interruption.]* The NUT quite deliberately targeted marginal seats. Is this not a generous offer and is it not time that it was accepted?

Sir Keith Joseph: I am rather shocked that Opposition Members laugh so heartily at the penalisation of children in the schools. Surely it is not part of the philosophy of the traditional Labour party to take it out on children?

Mr. Frank Haynes (Ashfield): Is the Secretary of State aware that, like many other hon. Members in their constituencies, I have had numerous letters from parents in mine? They do not think a great deal of the Secretary of State for Education. Is he also aware that not long ago I accused him of messing up social services and messing up industry. Now he has messed up education. I am pleased that he is going at the end of this Parliament, and I hope he will not interfere in the future with the education services.

Sir Keith Joseph: I feel, despite the hon. Gentleman's point of view, that most people in this House desperately want better education for our children. That calls for the acceptance by teachers of their duties as well as a review of the career structure.

Draft Single European Act

4.16 pm

Mr. Tony Marlow (Northampton, North): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 10, for the purpose of discussing a specific and important matter that should have urgent consideration, namely, "the Draft Single European Act final text" I emphasise "final text".

On 18 December, when my hon. Friend the Member for Southend, East (Mr. Taylor) was discussing the European treaty with my right hon. and learned Friend the Secretary of State for Foreign and Commonwealth Affairs, the Secretary of State said:

"It was agreed that we should not speak of the establishment of a European union."—[*Official Report*, 18 December 1985; Vol. 89, c. 302.]

The first paragraph of the preamble to this treaty gives a commitment

"to transform relations as a whole among their States into a European Union, . . . to implement this European Union . . . and to invest this union with the necessary means of action".

In 1973 we joined the Common Market. At a later stage we had a referendum to sustain membership of the Common Market. The British people have never been asked whether they wish to be dragged unknowingly, unconsulted and unconsenting into a United States of Europe. This text is final and would mean that the United Kingdom would cease to be a sovereign state and would be merely a province of a larger United States of Europe. It is an important issue.

Secondly, as in important issue, it states in this final text that we are

"convinced that the European idea . . . and the need for new developments correspond to the wishes of the democratic peoples of Europe, for whom the European Parliament, elected by universal suffrage, is an indispensable means of expression," This is bunk. If, Mr. Speaker, you speak to your constituents, or if I speak to mine, or if one looks at the figures of those who voted for this institution at the last election, there is no doubt that it is bunk. It is not only bunk, because if one looks at article 6 one sees that this dangerous institution is about to be given yet more power.

Throughout the treaty we have talked about the European Assembly. Now, in article 6, we read that "After consulting the Assembly" is to be changed to "in co-operation with the European Parliament". I am not sure

what the language means, but I think that a Parliament is different from an Assembly, and that co-operation is different from consultation. In this treaty this institution is to be given a great deal of power. As political power and parliamentary power is by and large a zero sum, if more power goes to Strasbourg and Brussels there will be less power here in this Parliament.

This is a matter of such fundamental importance that there is a risk that as a result of this Denmark will feel forced to secede from the European Community. It is urgent because the next business of the House is to consider giving parliamentary approval to an illegal budget passed by the European Assembly. It seems to me that it is the wrong way round for the Government to wish to give money to this bandit institution. Surely we should first discuss in Parliament whether we wish to give more powers to this institution.

As a matter of great urgency the Government have said that they must provide the extra money because they are taking the case to the European Court of Justice. The European Court of Justice is not only about justice; it is also about the increase of power of European institutions. If the Government first provide more money through Parliament and then say that they want the institution to have more power, and Parliament does not even see fit to discuss that increase in power, what is the outcome likely to be at the European Court?

You are a wise and powerful Speaker, Mr. Speaker. You are here, not to support the Government or their programme, but to support the sovereignty of the House. I implore you to grant leave for this urgent debate to take place.

Mr. Speaker: The hon. Gentleman asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter which he believes should have urgent consideration, namely, "the Draft Single European Act final text."

I have listened with great care to what the hon. Member has said. As he knows, my sole duty when considering an application under Standing Order No. 10 is to decide whether it should be given priority over the business already set down for this evening or for tomorrow. I regret that I cannot find that this matter meets all of the criteria laid down in the Standing Order, and I cannot, therefore, submit his application to the House, but he will of course have an opportunity to discuss it later today.

01c
STATEMENT BY THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE

MONDAY, 3rd FEBRUARY 1986

TEACHERS' PAY AND RESPONSIBILITIES

With permission, Mr Speaker, I should like to make a statement on the teachers' dispute, which has caused disruption of children's education for the past year.

The House will be aware that, with assistance from ACAS, a provisional agreement has been reached between management and teachers on a settlement for 1985, an end to disruption, and assisted negotiations across pay and other conditions of service for 1986. The Government greatly welcomes the prospect of a firm agreement of this kind along with the restoration of normal working in the schools. The disruption has not only damaged children's education. It has put heavy burdens on parents, head teachers and on many classroom teachers. We all want to see it end. I hope therefore that the provisional agreement will soon be formally adopted by management and teachers.

The NUT is not at present party to this agreement. I nevertheless hope that all the teachers' unions will join in the negotiations that lie ahead for 1986. The Government accepts the case for an increase in teachers' pay to recruit, retain and motivate the teachers needed for the high quality school education our children need and deserve, along with improvements in the pay structure and a clarification of teachers' responsibilities. The Government has set aside additional resources for this purpose. I therefore hope that the forthcoming negotiations will soon make sufficient progress towards the Government's objectives to justify my releasing those resources.

HOUSE OF COMMONS
LONDON SW1A 0AATo All Conservative MPs
House of Commons
London
SW1A 0AA

31 January 1986

*Ken Maynard*TEACHERS' PAY - ACAS AGREEMENT

You will know that an agreement was reached at ACAS on Friday 24 January. I very much welcome that. My overriding concern is for the children and their education, and I hope that, arising from the ACAS meeting, all disruption in our schools will be brought to a swift end.

The agreement reached at ACAS is subject to ratification by the signatories, and then to formal adoption both in Burnham and in the Committee where teachers' conditions of service are negotiated. The agreement is in 3 parts:-

- i. a 6.9% increase end-loaded to 8.5% for 1985
- ii. an end to disruption
- iii. an ACAS-appointed independent panel to help the two sides negotiate across pay levels and structure, arrangements for appraisal and training, and duties and responsibilities. The panel will review its work after a period of 6 months and report to ACAS and to both sides.

The NAS/UWT is not willing to call off its action until a ballot of members has approved the agreement; that ballot is likely to take 3 to 4 weeks. The Management Side is holding a meeting of all local education authorities on 4 February. There is unlikely therefore to be a fully ratified agreement, which can be adopted by Burnham and the conditions of service committee, until late February or early March. It is only when we have agreement in Burnham that we have a pay settlement for 1985. Regrettably, the NUT took no part in Friday's talks at ACAS, has expressed its dissatisfaction with the outcome, and threatens to continue disruption.

The ACAS agreement for 1985 provides for a rise of 6.9%, back dated to 1 April 1985, with an "end-loading" to 8.5% applicable from 31 March 1986. This offer should be attractive to many teachers.

The Government's conditional offer of extra resources remains as it was first presented in August last year, a total of £1250 million (less what the Government is now making available for midday supervision) over the 4 years 1986/87 to 1989/90, above what would normally be provided in the course of annual public expenditure planning and pay negotiations. That offer is conditional on sufficient progress being made towards a clear definition of the range of teachers' duties linked to contracts of employment, and a pay structure which facilitates the recruitment,

retention and motivation of sufficient teachers of the right quality, including teachers in what are now "shortage subjects". It is important that the 1986 negotiations which have now been promised arising from the ACAS agreement should deliver these improvements in structure and conditions. Only if its conditions are met will the Government release the extra resources. There is no extra money being provided by the Government for the proposed 1985/86 pay settlement.

Let me say once more that the Government welcomes the progress made so far and hopes very much that a satisfactory agreement will result. You should also know that I met Mrs Harrison, leader of the management side, a day or two ago. She asked about resources and the Government's attitude to the ACAS agreement. I enclose for information a copy of my confirming letter to her, which has already been released to the press.

Yours ever,

Kearse



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

Councillor Mrs N Harrison CBE
Chairman
Association of Metropolitan
Authorities
36 Old Queen Street
London SW1H 9JE

30 January 1986

Dear Nicki

I welcomed the opportunity to review matters with you yesterday evening, in the light of last Friday's ACAS agreement. You asked me in particular about the Government's position on resources and its view of the agreement. We agreed that I should write to you and that I should release my letter to the press.

The Government has long been willing to see additional spending on teachers' pay in return for much-needed reform of the pay structure and a clear definition of teachers' professional obligations. In July 1984 I invited your predecessor to construct a negotiable, acceptable and affordable reform package which I would present to Cabinet. That attempt failed in December 1984 despite many strenuous endeavours by the employers and some unions.

In my letter of 21 May 1985 to your predecessor I spelled out the Government's terms for additional expenditure and later quantified that conditional offer in my 5 August statement. Your panel's 12 September offer to the teachers was constructed against that background and made following my confirmation that adoption without significant amendment would be sufficient to release the additional resources. I regret that your September package was not seriously addressed by the teachers. Failure to reach a satisfactory agreement at that time meant that the 1986/87 Rate Support Grant process had to proceed without building in those additional resources. Nevertheless, as I explained at the time, the Government remained willing to consider releasing those resources should a satisfactory agreement emerge later.

The Government's position on resources is unchanged today and carries forward to the proposed ACAS-assisted negotiations. The possibility of extra resources for 1985-86 was

lost in December 1984 and the background since then means that there has not been any question of extra resources being made available for that year. The Government's willingness to see additional expenditure on the 5 August terms for 1986-87 and later years stands, dependent on an outcome from the ACAS-assisted negotiations satisfying the previously stated conditions. Indeed, the Government is only too eager to be able to justify such extra spending on teachers' pay and better rewards for effective teaching, in return for an acceptable bargain with the teachers on pay structure and on duties.

As regards the ACAS agreement, the Government welcomes the prospect of an end to disruption in our schools and of constructive negotiations across the range of long-standing problems identified in the agreement. It very much hopes that it will bring a swift and final settlement of the dispute and yield negotiated results which will allow the Government to release the additional resources conditionally available for teachers' pay.

Yours ever,

Keith



Prime Minister 2

DHS

31/1

CONFIDENTIAL

PO1897

MR NORGROVE

31 January 1986

TEACHERS' PAY: SCOTLAND

There is one slight chink of light in developments in Scotland, which is likely to hit tomorrow's Press.

2. The Convention of Scottish Local Authorities (COSLA) are circulating guidelines to all Scottish local authorities to the effect that they should take unified action to enforce teachers' contracts on all matters relating to public examinations. This does not affect marking but it would cover the duties of teachers relating to the staging and conduct of examinations. This is particularly relevant, for example, in the case of practicals.

3. The local authorities are being given three weeks in which to consider this and I understand that there is evidence of a good deal of support, including from Labour controlled authorities. The initial Scottish Office view is that, if it does command support from the authorities, the EIS may well back off from challenging it.

4. It would be wrong to build too much on this but it is the first encouraging news we have had from Scotland and I think it confirms the wisdom of holding tight on Scotland and seeing how matters develop in the light of the provisional ACAS agreement. The Scottish Secretary is arranging to see both the EIS and the employers next week (on Monday and Friday respectively) to explore post ACAS possibilities. He is then due, as you know, to bring his proposals for Scotland to MISC 122 for further consideration on 18 February.

J B UNWIN

Jane Lane

2/01
CMO



Copy 1 of 17

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

CONFIDENTIAL

FROM THE SECRETARY OF STATE

The Rt Hon John Biffen MP
Lord Privy Seal
Privy Council Office
68 Whitehall
London SW1A 2AT

31 January 1986

Dear John.

The Teachers' Dispute

We agreed in Cabinet this morning that I should make a statement in the House on Monday about the Government's response to the ACAS agreement. I attach a draft. I should be glad to know by 10.00 on Monday 3 February if colleagues have comments.

I have deliberately avoided direct quantification of the extra resources the Government is willing to see used for teachers' pay over the period 1986-90. Over-emphasis on the figures will add to the difficulties of both LEAs and unions in carrying through the ACAS deal. But under questioning I shall of course confirm that the Government stands by the £1250 million figure, less what is used for midday supervision, and, if pressed, have to acknowledge that this leaves little room for a further pay increase in 1986.

The figures now incorporated in the Rate Support Grant settlement for 1986-87 assumed in the baseline a pay settlement for teachers in 1985-86 of no more than 5% and made provision for an overall increase of 4.5% in pay costs and prices in 1986-87 - 9.5% in all. The 8.5% end-loading in the ACAS deal for 1985-86 thus uses up all but about 1% of the provision in the 1986-87 Rate Support Grant settlement for teachers' pay. The 1986-87 share of the £1250 million, now that £40 million has been allocated for midday supervision in that year, would provide only for a further increase of about 3% in teachers' pay. There is therefore cover for at most a 4% pay rise in 1986. That is most unlikely to be enough to deliver the structural improvements we seek as well as an annual pay increase, yet anything costing more than 4% will add to the rates or reduce resources for other services or parts of the education service. I shall do my best to avoid spelling all this out, but I shall be intensely questioned.

Copies of this letter go to the Prime Minister, members of MISC 122, the Chief Whip and Sir Robert Armstrong.

CONFIDENTIAL

CMO

Yours cmm. Ken

DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement on the teachers' dispute, which has caused disruption of children's education for the past year.

The House will be aware that, with assistance from ACAS, a provisional agreement has been reached between management and teachers on a settlement for 1985, an end to disruption, and assisted negotiations across pay and other conditions of service for 1986. The Government greatly welcomes the prospect of a firm agreement of this kind along with the restoration of normal working in the schools. The disruption has not only damaged children's education. It has put heavy burdens on parents, head teachers and on many classroom teachers. We all want to see it end. I hope therefore that the provisional agreement will soon be formally adopted by management and teachers.

The NUT is not at present party to this agreement. I nevertheless hope that all the teachers' unions will join in the negotiations that lie ahead for 1986. The Government accepts the case for an increase in teachers' pay to recruit, retain and motivate the teachers needed for the high quality school education our children need and deserve, along with improvements in the pay structure and a clarification of teachers' responsibilities. The Government has set aside additional resources for this purpose. I therefore hope that the forthcoming negotiations will soon make sufficient progress towards the Government's objectives to justify my releasing those resources.



PRIME MINISTER

TEACHERS PAY

Sir Keith Joseph's draft statement is short and to the point. But "to recruit, retain and motivate" has become a glib phrase.

Agree Sir Keith Joseph's statement, but invite him to consider spelling out a little more the arguments for the Government's case?

I prefer the existing short draft statement.

The discussion about the amount remaining for a pay increase for teachers in Sir Keith Joseph's covering letter is broadly in line with The Guardian article you saw yesterday, though the figures are arrived at by a different route. The tone of Sir Keith Joseph's letter is a little worrying, particularly taken with his reticence about mentioning the £1 1/4 billion. But the Treasury can be left to react to this if they choose.

DFW

David Norgrove

31 January 1986



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

Councillor Mrs N Harrison CBE
Chairman
Association of Metropolitan
Authorities
36 Old Queen Street
London SW1H 9JE

30 January 1986

Dear Nicki

I welcomed the opportunity to review matters with you yesterday evening, in the light of last Friday's ACAS agreement. You asked me in particular about the Government's position on resources and its view of the agreement. We agreed that I should write to you and that I should release my letter to the press.

The Government has long been willing to see additional spending on teachers' pay in return for much-needed reform of the pay structure and a clear definition of teachers' professional obligations. In July 1984 I invited your predecessor to construct a negotiable, acceptable and affordable reform package which I would present to Cabinet. That attempt failed in December 1984 despite many strenuous endeavours by the employers and some unions.

In my letter of 21 May 1985 to your predecessor I spelled out the Government's terms for additional expenditure and later quantified that conditional offer in my 5 August statement. Your panel's 12 September offer to the teachers was constructed against that background and made following my confirmation that adoption without significant amendment would be sufficient to release the additional resources. I regret that your September package was not seriously addressed by the teachers. Failure to reach a satisfactory agreement at that time meant that the 1986/87 Rate Support Grant process had to proceed without building in those additional resources. Nevertheless, as I explained at the time, the Government remained willing to consider releasing those resources should a satisfactory agreement emerge later.

The Government's position on resources is unchanged today and carries forward to the proposed ACAS-assisted negotiations. The possibility of extra resources for 1985-86 was

lost in December 1984 and the background since then means that there has not been any question of extra resources being made available for that year. The Government's willingness to see additional expenditure on the 5 August terms for 1986-87 and later years stands, dependent on an outcome from the ACAS-assisted negotiations satisfying the previously stated conditions. Indeed, the Government is only too eager to be able to justify such extra spending on teachers' pay and better rewards for effective teaching, in return for an acceptable bargain with the teachers on pay structure and on duties.

As regards the ACAS agreement, the Government welcomes the prospect of an end to disruption in our schools and of constructive negotiations across the range of long-standing problems identified in the agreement. It very much hopes that it will bring a swift and final settlement of the dispute and yield negotiated results which will allow the Government to release the additional resources conditionally available for teachers' pay.

Yours ever,

Keith



Ref. A086/310

PRIME MINISTERTeachers' Pay DisputeC(86)4: Memorandum by the Secretary of State for
Education and Science

BACKGROUND

At Cabinet on 16 January you undertook to put the teachers' pay dispute on the agenda for a discussion in due course (CC(86)2nd— **FLAG A** meeting, minute 2). Now that ACAS have reached a provisional agreement, it is timely for the Cabinet to review the situation. The Secretary of State for Education and Science has circulated a note **FLAG B** (C(86)4) summarising the main terms of the ACAS agreement and the policy response to it agreed by MISC 122 on Tuesday evening.

2. In summary, MISC 122 concluded that the ACAS agreement, while far from perfect, and carrying a number of risks, was probably the best that could be achieved at present. It would therefore be inappropriate for the Government to launch any initiative of its own, such as a Government appointed inquiry. Once the ACAS agreement is ratified, the Government (through the DES officials on the management panel) should play a full and constructive part in the work of the independent panel, seeking to gain support for the Government's objectives on pay, conditions of service, and career structure. They might use this opportunity to float, for example, the idea of a statutory review body; and they would continue to make it absolutely clear that the extra £1.25 bn over 4 years would only be taken off the shelf if there was an adequate quid pro quo on conditions of service, career progression etc. There can, however, be no guarantee that the panel will be successful, and deadlock could emerge at any stage. It might therefore still become necessary later in the year for the Government to consider again the possibility of an initiative of its own. Meanwhile the additional £1.25 billion remains on the

table on the conditions already stated; but there is no question of the Government providing additional resources through the Rate Support Grant to finance the April 1985 settlement.

3. In Scotland, there is no resolution of the dispute in sight, with both the employers and employees seeing no point in attempting conciliation unless the Government agree to provide increased resources. MISC 122 will be giving further consideration to the Government's response to the Scottish dispute during February on the basis of a paper by the Secretary of State for Scotland.

MAIN ISSUE

4. The main issue is whether the Cabinet approves the strategy developed by MISC 122. This turns on the assessment of the advantages and disadvantages of the ACAS agreement, and the prospects of securing significant longer term progress through the panel of inquiry.

5. The obvious disadvantages of the ACAS agreement are that the 1985 settlement is costly (8.5 per cent end loaded); and that, while the agenda for discussions on 1986 and the longer term seems sensible, it cannot guarantee an outcome acceptable to the Government, and the operation will be well outside the Government's control. Moreover it leaves the problems of Scotland as they were. On the other hand, it should, if ratified, put an end to disruption in the schools; the extra cost of 1985 is not too high; and the agreement firmly establishes the principle that there must be some significant strings attached to any deal for the future, while leaving the Government uncommitted beyond the offer already put on the table. The ACAS panel will certainly not deliver all the Government's objectives; but this never seemed attainable, except at wholly unacceptable cost, and it is most unlikely that it will concede all the teachers' demands either.

6. On balance, therefore, the outcome does not seem at all a bad one; and it is possible that, if the log jam is broken and teachers receive the 1985 award, some of the heat may go out of the dispute.

It is not impossible that it might rub off on Scotland too. Moreover, if the Government were seen to be seeking to frustrate the ACAS agreement, public opinion would be likely to turn very much against them.

7. It will therefore be important to take very great care over what is said in public during the 3 or 4 weeks ratification period. As proposed by the Education Secretary, the Government should welcome the end to disruption; point out that the agreement so far amounts to no more than an agenda for discussion, but that the Government wishes it well and will play a full part; reiterate that the Government's £1.25 billion offer will only be available if there is a good deal in return; and castigate the NUT for their irresponsible stance. If and when the agreement is ratified, it might be appropriate to be a good deal rougher in criticism of the NUT if they still stand outside it.

Statutory Review Body

8. Further work needs to be done on this possibility, which would require legislation. If the ACAS agreement is not ratified, ideas will have to be developed very quickly. If the ACAS panel discussions go forward, there will be more time for consideration. The Department of Education and Science have, therefore, been asked to submit a paper shortly to the Official Group on Teachers' Pay (MISC 123) so that, if appropriate, proposals can be presented to Ministers for consideration in 3 or 4 week's time.

HANDLING

9. You will wish to invite the Education Secretary to introduce his note. The Home Secretary, who sought the discussion in Cabinet, will no doubt wish to comment, along with other Ministers. The Scottish Secretary will also wish to describe the dispute in Scotland, but you will not wish to have a substantive discussion of his proposal for a Government inquiry into pay and conditions in Scotland along until this has been considered further in MISC 122.

CONCLUSIONS

10. You will wish to reach decisions to:

(i) take note of the outcome of the ACAS discussions, and agree that the Government should allow ratification to take its course;

(ii) to agree that, if the ACAS agreement is ratified, the Government should play a full and constructive part in the work of the 3 man panel;

(iii) to note that further consideration is being given to the problems in Scotland.

RA

ROBERT ARMSTRONG

29 January 1986
Cabinet Office

CONFIDENTIAL

PRIME MINISTER

MISC 122: TEACHER'S PAY

Mr. Tebbit phoned to give his view on the papers being taken by MISC 122 this afternoon.

On England and Wales, his clear view is that the Government have little choice but to follow Sir Keith Joseph's recommendation.

On Scotland, he believes strongly that under no circumstances should the Scottish Office tail be allowed to wag the English dog. To allow Mr. Rifkind to follow his route would prejudice the English settlement if one is reached. Mr. Tebbit said he thought Mr. Rifkind was asking for the moon. He would have to point out to the Scottish teachers, once England and Wales have settled, that there is no reason why they should be bloody-minded and treated differently.

On a separate point, Mr. Rifkind has to leave promptly at 1800 to appear live on television about this afternoon's announcements on local authority finances.

DRS.

DN

28 January 1986

CONFIDENTIAL

CCB/4p

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

PRIME MINISTER

27 January 1986

M.

TEACHERS' PAY: SCOTLAND

In his minute of earlier today Keith Joseph has set out the options open to him now that ACAS's efforts have led to agreement between both sides of the Burnham Committee. I believe it would help our discussion tomorrow if I were to comment further on the position which now exists in Scotland and on the implications of the English settlement on the position there.

2. The first point I must make is that the conditions which allowed ACAS to lead the 2 sides in England and Wales to a settlement, however flawed from our point of view, simply do not exist in Scotland. As I understand it ACAS were able to exploit the willingness of the local authority employers south of the border to go well beyond the resources made available to them by the Government in the current year and to enter into discussions which are likely to lead to inescapable pressure for substantially more spending in later years without any prior commitment on the Government's part. These conditions absolutely do not exist in Scotland. Scottish local authorities (of all political persuasions) are not prepared even to enter into negotiations with the Teachers' Side (far less reach agreement with them) until the Government promises further resources and they have made it clear that the terms of any settlement will be strictly determined by the amount of those extra resources; this attitude was vehemently (and publicly) confirmed by the Management Side on 23 January. I have no reason to believe that the attitudes of Scottish authorities would be changed in any way by the news of the English settlement. The effect of such a settlement on the Teachers' Side is harder to gauge but I believe that the dominant union, the EIS, would be

likely to feel that the cash immediately available in the English settlement was inadequate; and they have gone to considerable lengths to avoid allowing pay and conditions to be traded against each other.

3. In case any of my colleagues are nevertheless tempted to suggest that I might try to promote something like the ACAS deal in Scotland - either in its entirety or simply the concept of negotiations assisted by an independent panel - I must make clear my belief that there is no prospect whatever that such an approach would succeed. The strength of the English settlement (such as it is) lies in the fact that it was arrived at by hard bargaining between two sides who were prepared to settle and owed nothing to Government intervention. It would look pretty ludicrous (and would re-awaken the old accusation that Scotland is expected to follow England in all things) if the Government now pressed Scottish interests to take over such a settlement, especially after it had received such a tepid and ambiguous welcome from Keith over the weekend. If I were nevertheless to do so the first questions I would be asked would be "Are you prepared to make available the extra resources which would be required?" and "Are you prepared to relieve local authorities of any additional penalties which may result?"; since the answers to both questions would be "No", the proposal would, I believe, be thrown back in my face. And even if that did not happen I do not believe that the EIS can be persuaded to embark on negotiations which link pay and duties and conditions of service at the present time even with the help of an independent panel.

4. In my view the most satisfactory solution for both countries is still to set up a pair of linked wide-ranging inquiries along the lines Keith and I have already proposed. But if we were to decide that the inquiry solution was not now practicable for England and Wales, so that we had to find a separate solution for Scotland, there would appear to be three choices theoretically open to me, of which only two are realistic options.

i. To continue as we are - in other words to insist that the 2 sides of the SJNC should try to find agreement on the basis of the resources we have already made available.

ii. To attempt to secure an early negotiated settlement (with or without the assistance of a panel suggested by ACAS) by indicating willingness to make more resources available within a shorter timescale.

iii. To set up a wide-ranging inquiry for Scotland alone into pay, conditions of service and the other matters we want examined.

5. The first of these choices is simply not realistic. We would face total and indefinite stalemate (since there is no sign that either side will even attempt to reach a settlement within the resources currently available). The bitterness in schools will deepen and grow, strike action and boycotts will continue and may escalate. There will be extremely serious disruption to our national examinations. On 23 January the Scottish Examination Board made its first public assessment of the effects on this year's examinations of the refusal by teachers to undertake duties within schools in connection with the examinations and the related shortfall of more than one third of the required number of markers. A number of practical examinations will probably not be held at all; and, while the Board hope to be able to complete the marking of the Higher examinations (those which give entry to higher education and the professions) by the usual end-July date, the very best they can hope to achieve for the Ordinary Grade and the new Standard Grade examinations is to produce most of the results by October and that will depend on enormous co-operation from the available markers which may not be forthcoming. This will acutely disadvantage the pupils concerned, will cause chaos in the schools and, will produce a storm of protest from concerned parents. Indeed, strong parental reaction has already begun.

6. The dispute in Scotland has already lasted for nearly 18 months. Whatever the perception may be in Whitehall, it is not true in Scotland that "the widely predicted explosion of public anger ... has conspicuously failed to materialise". We have had a series of explosions of public anger with a steady level of discontent in between, kept going by media coverage of the dispute in Scotland which is much more intense than in England and Wales. The threat to the examinations will produce further acute difficulty for us and for our colleagues in Scottish regions, who face re-election in May. It is to my mind unthinkable that we could let

the Scottish dispute continue to fester indefinitely after a settlement, however unsatisfactory, has been found for England and Wales.

7. The second choice - to try to secure a negotiated settlement by increasing the resources available - is fraught with difficulty. I simply do not know whether we could reach a settlement on terms reasonably acceptable to us (or for that matter to the Scottish local authorities) in view of the teachers' insistence on a high unconditional offer. The EIS leadership have recently floated some ideas which might possibly serve as a basis for progress on the definition of teachers' duties but it is likely to prove difficult to establish a sufficiently clear contractual link. A good deal of quiet diplomacy will be required before I could even assess the prospects of reaching a settlement; but there is no point in entering into this unless I can give some commitment to increase the total resources available for local authority current expenditure (and aggregate exchequer grant) and to provide them over a shorter timescale than the original 4 year phasing. I fear that the best I could hope to get from this approach would be some modest clarification of teachers' duties and, possibly, employers' control over teachers' non-class-contact time in return for quite a lot of extra money; deeper issues would not be tackled at all. Given Keith Joseph's clear public stance I can see that it would be acutely embarrassing for him if I were to attempt such an approach and I shall not pursue this option further.

8. This leaves the idea of a wide-ranging inquiry to cover Scotland only. To my mind this is still the best solution on offer - and the only one which gives us a real chance of breaking the deadlock without making a specific commitment to provide new resources and of tackling some of the root causes of our present troubles. Of course it would carry the implication that the Government would be prepared to help fund whatever settlement eventually emerged - but sooner or later we are going to have to pay more than we would like to settle the dispute and at least we would get something substantial back for our money. You emphasised last Wednesday that this should be an essential part of any settlement. There would be no necessary knock-on effect on the English teachers, who already have their own solution. Nor do I think there should be any serious consequences elsewhere in the public sector if we imposed a radical and wide-ranging inquiry - likely to come up with many recommendations which teachers will not like - in an attempt to solve a

dispute which has already been running for 18 months. I simply do not believe that such an approach to the settlement of the Scottish teachers' dispute will cause the international money markets to panic. What is more I am sure that the announcement of such an inquiry would be welcomed by everyone in Scotland, even (albeit grudgingly) by the teachers; I firmly believe that they would swallow the wide range of the inquiry's coverage in return for the chance to break out of the impasse in which they have penned themselves. The impact on the morale of the rank and file teacher would be profound and I would hope to see an immediate effect on the number of teachers willing to volunteer for service as examination markers.

9. Time is not on our side. After nearly 18 months there is now a considerable public expectation that the Government will soon do something to resolve the dispute, especially now that the threat to the examinations is so acute and immediate. I cannot simply play for time until we see if the ACAS settlement sticks, nor would it do me any good at all to start selling the ACAS solution (an English solution for an English problem) as the remedy for the very different problems we have in Scotland. For the sake of the Government's credibility with the Scottish people I need a decision tomorrow which makes sense in Scottish conditions and I am quite clear that the best - indeed the only - solution on offer is a wideranging independent inquiry.

10. I am copying this to members of MISC 122, the Chancellor of the Exchequer and to Sir Robert Armstrong.

Malcolm Rifkind

M R

CONFIDENTIAL

27/1

PRIME MINISTER

CMO

TEACHERS' PAY AND DUTIES

1. MISC 122's deferred meeting is to be held tomorrow afternoon.
2. I minute again in the light of Friday's ACAS meeting, and colleagues' 22 January minutes.
3. Subject to formal ratification (which will entail a ballot of NAS/UWT's members), ACAS have negotiated a deal which the signatories will then seek formally to adopt in Burnham and the Committee (CLEA/ST) where they negotiate conditions of service. The NUT is not party to the agreement and, although in a minority on Burnham, is in a majority on the teachers' side of CLEA/ST. The details are in the annex. Essentially the deal is:
 - (i) 6.9% end-loaded to 8.5% for 1985;
 - (ii) an end to disruption;
 - (iii) an ACAS-managed negotiation for 1986 across pay and other conditions of service. The words look reasonable, in the main, but I distrust the outcome. I expect the exercise, if it proceeds, to recommend a costly deal, with too little differentiation in teachers' pay, and inadequate clarity about duties.
4. Assuming a successful ratification process the ACAS deal for 1985/86 will be translated into a formal pay settlement in March. We can expect to know where 3 (iii) is going by June/July and will need to be ready for the possibility of a breakdown then or earlier which could well cause a resumption of disruption in the schools six months nearer the election.

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CMO

5. I see three main alternative responses.

- (i) Hi-jack 3 (iii) by setting up our own inquiry. I would have liked to do this. An inquiry with members and terms of reference settled by us would be much more likely to come to sound conclusions. Moreover it is the only option which offers an immediate and direct way of dealing with the position in Scotland as well as England and Wales. But I fear the teachers (and possibly the LEAs) might then renege on 3 (i) and 3 (ii). We should then be blamed for destroying the prospects of peace. I do not think we can take the risk.
- (ii) Accept 3 (i) and 3 (ii), while continuing to refuse any extra resources for 3 (i), and let 3 (iii) proceed, contributing as effectively as we can through our representatives on the management side to steer it towards acceptable conclusions. We may not have much success, but if we stand off we shall be accused of not helping. If this ACAS-managed exercise fails to deliver a reasonable balance across pay and conditions, or if it fails to survive the immediate ratification process, we shall then be better placed to propose either a Government inquiry or subject to legislation a new statutory review body to determine teachers' pay and conditions.
- (iii) Let 3 (iii) proceed, but keep our distance, to avoid any possible association with unwelcome outcomes. I do not think this is on. I am represented on the management side. The teachers' pay structure and their conditions of service are vital for education policy. Officials must therefore participate to ensure that educational policy needs are taken into account, and to ensure that the Government's position on resources is fully understood. If my views are presented and publicly explained during the negotiations, but are inadequately reflected in outcomes, that will be part of my case for a new statutory review body.

CONFIDENTIAL

CMO

6. I propose therefore to proceed as in 5 (ii). Within that context the £1,250 million and the objectives we set out in my 5 August statement will stand.

7. It will be important not to do anything which would allow our opponents to blame us for wrecking the appealing prospect of peace in the schools. If colleagues agree with my proposed course of action I intend to adopt the following public attitude to the ACAS deal for the time being. I propose to welcome the prospect of an early end to disruption, and emphasise my view that if the deal is confirmed then the NUT should also be expected to end disruption; to stand firm in refusing extra resources for 1985-86; to note that the agenda for the ACAS-managed 1986 negotiations covers the important pay and conditions of service issues, but it is the outcomes of those negotiations that matter; and to see that it is not forgotten that the Government's willingness to provide extra resources within the £1,250 million depends on satisfactory progress towards our objectives.

8. I recognise that this ACAS work has not extended to Scotland. The Secretary of State for Scotland will be minuting separately about the position there.

9. Copies of this minute go to members of MISC 122 and to Sir Robert Armstrong.

KJ

CONFIDENTIAL

CMO

K J

Department of Education and Science
27 January 1986

MEMORANDUM OF AGREEMENT

PRIMARY AND SECONDARY EDUCATION IN ENGLAND AND WALES

I Introduction and Objectives

We the parties to this agreement:-

1. Recognise that there are serious problems relating to teachers' pay, structure and conditions of service; that they have been developing over a period of time and cannot therefore be solved overnight or even in a single year; but that these problems must now be tackled with vigour.
2. Believe that if educational standards are to be maintained, let alone improved, real increases in the resources devoted to primary and secondary education in England and Wales are necessary.
3. Accept that a start should be made on the basis of (a) settling the 1985 salary claim and (b) agreeing the procedures for negotiating the remaining issues, including the 1986 salary claim.
4. Commit ourselves to negotiate constructively and expeditiously on:-
 - (a) salary levels and a salary structure which will
 - attract sufficient teachers of the right quality to the full range of posts within the teaching profession including those carrying leadership and management responsibilities;
 - retain teachers, and motivate them to give of their best at all stages of their careers;
 - recognise the central importance of the teacher in the classroom; and
 - relate to the responsibilities undertaken at the various levels of teaching and take account of salaries elsewhere.
 - (b) arrangements for appraisal and training which will:
 - (i) ensure that teachers at all levels remain properly equipped for their tasks;
 - (ii) assist towards teachers' career development and fair selection for posts carrying leadership responsibilities;
 - (c) a clear definition of the contractual duties and responsibilities (including defined limitations) of teachers and their employers.

II The 1985 Salary Settlement

In settlement of the 1985 salary claim the following increases shall apply to all teachers covered by the Burnham Primary and Secondary Committee:

- (i) with effect from 1 April 1985 - 6.9% on all scales and allowances except London Weighting and Social Priority Allowance;
- (ii) with effect from 31 March 1986 - an additional 1.6% on all scales and allowances except London Weighting and Social Priority Allowance, calculated on the 31 March 1985 base.

III Future Procedure

1. An independent and impartial panel shall be appointed by ACAS with the following terms of reference:

"To guide, advise and assist as a matter of urgency, the management and teachers to provisional agreements on the pay, structure and career progression of the teaching profession and any other related matters, eg conditions of service and procedures for negotiation, which either party may wish to bring forward for discussion and negotiation."

2. This panel shall control the programme and procedure of negotiations with a view to an early resolution of differences on all negotiable matters.
3. The independent panel shall consist of a chairman and two other members all of whom shall be appointed by the Chairman of ACAS.
4. The chairman of the independent panel, in consultation with the members, shall determine all matters of procedure. He will also ensure that where negotiations come to an end over a particular issue, a report is made to the parties and to ACAS on the matter; he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.

5. The secretariat to the independent panel will be provided by ACAS.

6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.

7. After a period of six months following the date of this agreement the independent panel shall review its work with a view to concluding whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.

8. The Department of Education and Science will continue to play its part in all the discussions that take place under the auspices of the panel.

IV Cessation of All Industrial Action

The teachers' organisations undertake to take immediate steps with a view to the cessation of all industrial action and a return to full normal duties.

V Ratification and Adoption of Agreement

The parties to this agreement now intend to have it ratified by their own constituents, as appropriate, and then to adopt it in the Burnham Primary and Secondary and CLEA/ST Committees.

Signed by:

For the Teachers' Panel

G Beynon
Chairman, and General Secretary
AMMA

F Smithies
Joint Spokesman, and
General Secretary NAS/UWT

D M Hart
Secretary, and General Secretary
NAHT

P Dawson
General Secretary PAT

J Sutton
for Secondary Heads' Association

For the Management Panel

Mrs N Harrison
Chairman of the Management Panel
and of the CLEA Side of CLEA/ST

D E Thomas
Deputy Secretary, Management Panel

Witnessed by:

Sir Pat Lowry
Chairman, Advisory Conciliation and Arbitration Service



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PRIME MINISTER

MISC 122

Because of today's debate I had to re-organise my engagements in Northern Ireland and I am afraid that this will mean that I shall unfortunately miss MISC 122 on Teachers Pay. I have asked Brian Mawhinney to take over responsibility for the Department of Education in Northern Ireland and so he will be attending on my behalf, and I have had a very full discussion with him about the points that I would like recorded on this issue.

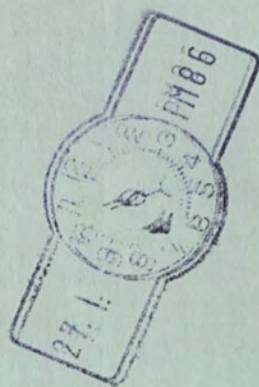
2. I am copying this to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be "R." with a large, stylized initial "R" and a period.

T K

27 January 1986

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P 01889

PRIME MINISTER

Teachers' Pay Dispute

(MISC 122(86)2nd Meeting at 5 pm on 27 January)

End to disruption

BACKGROUND

The ACAS agreement reached over the weekend in relation to England and Wales has significantly changed the context in which Ministers must now consider further action. The central issue is how the Government should react to this agreement; and what implications this has for the position in Scotland, where ACAS have not so far openly been involved.

ACAS Agreement

2. I attach at Annex A a copy of the memorandum of agreement signed over the weekend by representatives of the Management and Teachers' Panels (excluding the NUT). The agreement is essentially in three parts:-

- a 1985 cash settlement for all teachers covered by the Burnham Primary and Secondary Committee of 6.9 per cent from 1 April 1985 and an extra 1.6 per cent from 31 March 1986;
- cessation of industrial action and a return to normal duties;
- establishment of a three-man independent panel by ACAS to report in six months time with the following terms of reference.

"To guide, advise and assist as a matter of urgency, the management and teachers to provisional agreements on the pay, structure and career progression of the

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5-6

CCBEP

6.9 + 1.6

How financed?



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teaching profession and any other related matters, eg conditions of service and procedure for negotiation, which either party may wish to bring forward for discussion and negotiation."

3. The status of the document of agreement is as follows. It represents an agreement between those who were parties to the ACAS discussions, but it now requires ratification. The management side intend to put it to an early meeting of Local Education Authorities (LEAs). On the teachers' side, the SHA, PAT and NAHT regard themselves as fully committed by their signature on the document; AMMA propose to refer it to an early meeting^{of} their executive; but the NAS/UWT propose to ballot their entire membership. This will take 3-4 weeks, so that the agreement will remain provisional until that procedure has been completed.

4. If all the parties ratify the agreement, it would then need to be adopted by the Burnham Primary and Secondary and CLEA/ST Committees. There should be no problem over the former, where the NUT are now in a minority. The NUT retain their majority, however, on CLEA/ST but I understand that if the NUT succeeded in blocking the agreement there, the LEAs would probably seek to establish a new joint negotiating Council, which would reflect the revised Burnham weights. There is no statutory bar to this.

Position of the NUT

5. The NUT have condemned the agreement as a sell-out and are advising their members to continue industrial action, even if the agreement is ratified. If, however, the ratification process proceeds smoothly, there will be increasing pressure on the NUT to moderate this stance, and both DES and the Department of Employment believe that this will have a significant effect on the NUT membership, if not their leadership. They would surely in any case forfeit a great deal of public sympathy if they maintained industrial action while benefitting from the ACAS induced 1985 settlement (DES advise me that it would not under present legal arrangements be possible to withhold from NUT



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members the 1985 settlement in the ACAS agreement, which in any case itself (see Part II on page 2 of the agreement) applies "to all teachers" covered by the Burnham Committee. You may, however, wish to probe this further).

Is the ACAS Agreement a Helpful One?

6. The obvious disadvantages of the ACAS agreement are that the 1985 settlement is too high; and that, while the agenda for discussions on 1986 and the longer term seems sensible, it cannot guarantee an outcome acceptable to the Government, and the operation will be well outside the Government's control. Moreover, it still leaves the problems of Scotland as they were. On the other hand, it should, if ratified, put an end to disruption in the Schools; the extra cost for 1985 is not too high; and the agreement firmly establishes that there must be some significant strings attached to any deal for the future, while leaving the Government still entirely uncommitted beyond the offer it has already put on the table. The ACAS panel will certainly not deliver all the Government's objectives; but it is most unlikely that it would concede all the teachers' demands either.

7. On balance, therefore, the outcome does not seem at all a bad one; and it is possible that, if the log jam is broken and teachers receive the 1985 award, some of the heat may go out of the dispute. The Government must, however, decide quickly how to respond to these developments.

OPTIONS FOR THE GOVERNMENT'S RESPONSE

8. I have discussed the position with senior officials from DES and the other Departments mainly concerned, and I hope that the Education and Scottish Secretaries will minute to you with their views tonight or tomorrow morning. On England and Wales, however, the options for responding to the ACAS initiative seem to be as follows:-

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Option (i): to reject the ACAS agreement as unsatisfactory and to announce a Government initiative in the form of an inquiry or alternative means of consultation as precedent to legislation;

Option (ii): to let the ACAS agreement run, but to keep entirely at arms length from it;

Option (iii): to let the ACAS agreement run, but to play a constructive part in the procedures (through DES membership of the Management Panel) in the hope of influencing the outcome.

9. Although before the weekend the Education Secretary was still minded to recommend this, I do not think that Option (i) is any longer feasible. Apart from the arguments on merits against any form of Government appointed inquiry, it would be extremely difficult, and command little public sympathy or respect, for the Government in effect to hijack the ACAS Panel. If it succeeded in doing so, disruption would no doubt continue, and even be intensified, and the blame would be attached squarely to the Government. The more prudent course, therefore, seems to be to let the ACAS agreement run.

10. The "moral hazard" for the Government would, of course, be less if Option (ii) above were followed and the Government stood well clear from the deliberations of the ACAS panel. Again, however, the Government would get little public credit from so doing and constructive participation would at least offer some prospect of getting the Government's position over to the panel and influencing the outcome. It would, for example, be possible to ensure that the idea of a statutory review body, or some similar institutional change, was considered. At the same time, the Government representative would need to avoid any further commitments and to continue to make it clear that the offer of new money already made would only remain on the table if a good deal emerged which at least went a very long way towards meeting the Government's education policy objectives.


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he has done -
minute below.

11. I think that the Education Secretary, on reflection, is likely to recommend this last course rather than to press again for a Government inquiry. If, however, this is the preferred option of the Group, it will be very important to take great care over what is said in public during the 3 or 4 weeks ratification period. Any statements at this stage might be confined to the following main elements:-

- welcome the end to disruption;
- point out that, so far as 1986 and the longer term is concerned, the agreement so far amounts to no more than an agenda for discussions;
- reiterate that the Government's £1.25 billion offer will only be available if there is a good deal in return;
- castigate the NUT for their irresponsible stance.

If and when the agreement is ratified, the Government could then make it clear that DES would play a constructive role in the discussion within the Management Panel; and, if they were still holding out, it may well then be appropriate to be very much rougher on the NUT.

SCOTLAND

12. The ACAS agreement does not affect Scotland. The position there is in any case significantly different in several respects. Over 80 per cent of the union membership belongs to the EIS, whose stance is similar to that of the NUT. The Scottish LEAs have also made it clear that they are not prepared to go along with any settlement above 5½ per cent for 1985 unless the Government undertake to fund the excess and to give a similar undertaking for any settlement for 1986 and thereafter. ACAS have not, therefore, been formally involved with the parties to the dispute, although I understand that they have had a number of informal contacts.



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13. I understand that the Scottish Secretary is considering the following three options:-

Option (i): to stand firm, taking no further initiative. This would ensure a continuation of disruption at as least the present level. The threat to public examinations would also be more severe. The latest Scottish Office assessment is that, on the basis of less than two-thirds of the exam markers they normally need, it might just be possible to get the Scottish A-level equivalent papers marked by July/August, but that the O-level equivalent papers could not be finished until October;

Option (ii): to resume negotiations on the basis of an increased financing offer by the Government, both for 1985 and 1986;

*No hybrid
cases known
finally in
Jan. 1985
this option.*

Option (iii): to announce a Government inquiry in Scotland to parallel the ACAS Panel procedures in England and Wales. This would necessitate reaching a cash settlement for 1985 separately, but would otherwise be on the lines of the proposals made previously by the Scottish Secretary.

14. In discussion with his officials so far I understand the Scottish Secretary has been inclined to pursue the possibilities for either Option (ii) or Option (iii). I think, however, that either of these would seriously undermine the position in England and Wales in the wake of the ACAS agreement, and both the Education Secretary and the Chancellor of the Exchequer would strongly oppose them. To offer any more money in Scotland would clearly sabotage Sir Keith Joseph's position here; and to mount a Government inquiry in Scotland, while letting the ACAS initiative run here, would be extremely difficult to justify and could lead to very difficult problems.

15. I have therefore suggested to the Scottish Office that it would be more sensible to continue to play the Scottish situation along for



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the moment, and to consider, in the light of developments, whether it might be possible to graft the ACAS initiative, or something like it, onto the position in Scotland. It is not impossible that the Scottish Unions, seeing the situation develop in England and Wales, might come round to being ready to accept some such initiative in Scotland (after all, the ACAS proposal, though under the guise of a "panel", is in fact a form of "inquiry"). At any rate, it would seem quite wrong to take any decision on Scotland until we see whether the ACAS agreement is ratified and how it develops.

NEXT STEPS

16. Subject to the course of the discussion, you may wish to steer the Group in the direction of constructive participation in the ACAS initiative (if ratified), while resisting any further decisions on Scotland until we see how the ACAS initiative develops, and can consider whether it could in some way be grafted on to the position in Scotland. If the Group endorsed this, you may also wish to invite the Education Secretary, in cooperation with the Welsh and Scottish Secretaries, to bring the matter to Cabinet for consideration on Thursday before the final decision on the Government's posture is taken. The Education Secretary's report should set out the response which he and other Ministers should be authorised to make to the ACAS agreement during the ratification period. He will then need to be invited to bring further papers to colleagues in 2 or 3 week's time on the line the DES representatives would be instructed to take in the ACAS discussions (assuming the agreement is ratified), including the possibility of a new independent standing body with members appointed by the Government to review pay and other conditions of service.

HANDLING

17. You will wish to ask the Education Secretary and the Welsh Secretary to open the discussion by giving their assessment of the ACAS agreement and their recommendations on the appropriate response



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to it; and the Scottish Secretary to speak on the situation in Scotland. You will then want to invite the views of the Employment Secretary and the Chancellor of the Exchequer, before opening the discussion to the Group generally.

CONCLUSIONS

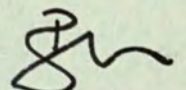
18. You will want to decide:-

(i) whether the Government should allow the ACAS initiative to run or should still consider announcing their own initiative;

(ii) if the former, whether the Government should cooperate constructively in the ACAS initiative, or remain at arm's length from it;

(iii) what public response the Government should make to the ACAS initiative during its period of ratification;

(iv) to invite the Education Secretary, in cooperation with the Scottish and Welsh Secretaries, to report the Group's deliberations to Cabinet so that a final decision can be taken at their meeting on 30 January; and to set further work in hand on the line to be taken by the DES representatives in the ACAS panel discussions in due course if the agreement is ratified.


J B UNWIN

27 January 1986
Cabinet Office

PRIMARY AND SECONDARY EDUCATION IN ENGLAND AND WALES

I Introduction and Objectives

We the parties to this agreement:-

1. Recognise that there are serious problems relating to teachers' pay, structure and conditions of service; that they have been developing over a period of time and cannot therefore be solved overnight or even in a single year; but that these problems must now be tackled with vigour.
2. Believe that if educational standards are to be maintained, let alone improved, real increases in the resources devoted to primary and secondary education in England and Wales are necessary.
3. Accept that a start should be made on the basis of (a) settling the 1985 salary claim and (b) agreeing the procedures for negotiating the remaining issues, including the 1986 salary claim.
4. Commit ourselves to negotiate constructively and expeditiously on:-
 - (a) salary levels and a salary structure which will
 - attract sufficient teachers of the right quality to the full range of posts within the teaching profession including those carrying leadership and management responsibilities;
 - retain teachers, and motivate them to give of their best at all stages of their careers;
 - recognise the central importance of the teacher in the classroom; and
 - relate to the responsibilities undertaken at the various levels of teaching and take account of salaries elsewhere.
 - (b) arrangements for appraisal and training which will:
 - (i) ensure that teachers at all levels remain properly equipped for their tasks;
 - (ii) assist towards teachers' career development and fair selection for posts carrying leadership responsibilities;
 - (c) a clear definition of the contractual duties and responsibilities (including defined limitations) of teachers and their employers.

II The 1985 Salary Settlement

In settlement of the 1985 salary claim the following increases shall apply to all teachers covered by the Burnham Primary and Secondary Committee:

- (i) with effect from 1 April 1985 - 6.9% on all scales and allowances except London Weighting and Social Priority Allowance;
- (ii) with effect from 31 March 1986 - an additional 1.6% on all scales and allowances except London Weighting and Social Priority Allowance, calculated on the 31 March 1985 base.

III Future Procedure

1. An independent and impartial panel shall be appointed by ACAS with the following terms of reference:

"To guide, advise and assist as a matter of urgency, the management and teachers to provisional agreements on the pay, structure and career progression of the teaching profession and any other related matters, eg conditions of service and procedures for negotiation, which either party may wish to bring forward for discussion and negotiation."

2. This panel shall control the programme and procedure of negotiations with a view to an early resolution of differences on all negotiable matters.
3. The independent panel shall consist of a chairman and two other members all of whom shall be appointed by the Chairman of ACAS.
4. The chairman of the independent panel, in consultation with the members, shall determine all matters of procedure. He will also ensure that where negotiations come to an end over a particular issue, a report is made to the parties and to ACAS on the matter; he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.

ie
including
NUT
members

5. The secretariat to the independent panel will be provided by ACAS.
6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.
7. After a period of six months following the date of this agreement the independent panel shall review its work with a view to concluding whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.
8. The Department of Education and Science will continue to play its part in all the discussions that take place under the auspices of the panel.

IV Cessation of All Industrial Action

The teachers' organisations undertake to take immediate steps with a view to the cessation of all industrial action and a return to full normal duties.

V Ratification and Adoption of Agreement

The parties to this agreement now intend to have it ratified by their own constituents, as appropriate, and then to adopt it in the Burnham Primary and Secondary and CLEA/ST Committees.

Signed by:For the Teachers' Panel

G Beynon
Chairman, and General Secretary
AMMA

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Chairman of the Management Panel
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D E Thomas
Deputy Secretary, Management Panel

Witnessed by:

Sir Pat Lowry
Chairman, Advisory Conciliation and Arbitration Service



CABINET OFFICE

With the compliments of

J. B. UNWIN

70 Whitehall, London SW1A 2AS
Telephone 01 233

LORD PRESIDENT

Teachers' Pay

To recapitulate on our discussion this morning:

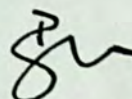
- an ACAS agreement tomorrow now seems likely (with a prospect that the NUT will allow themselves to be dragged along);
- if so, the options are:-
 - (a) a Government statement today (as per Sir Keith Joseph);
 - (b) a Government statement (next week) after the ACAS announcement;
 - (c) let the ACAS procedure take its course.

2. We agreed that (a) is simply not on. I think (b) is also very difficult; the Government would appear to be tagging belatedly on to ACAS. (c) seems therefore to be the most likely option. But if this is followed, there is a strong case (pace the Chancellor) for:-

- welcoming the ACAS agreement (without, of course, any commitment);
- instructing DES to participate fully in the ACAS discussions (in which the idea of a review body could be floated).

3. I suggest, therefore, that you:

- (i) probe further the prospect of the ACAS agreement;
- (ii) if its likelihood is confirmed, canvas the 3 options above;
- (iii) if (c) is favoured, commission from Sir Keith Joseph for urgent consideration early next week the draft of a Government response to the ACAS agreement (on the understanding that if the agreement is not reached or is patently unsatisfactory, he would be free to advance his inquiry proposal again).
- (iv) explore the consequences for Scotland (is there any way of grafting the ACAS agreement on to Scotland?)



J B UNWIN

23 January 1986



CABINET OFFICE

With the compliments of

J. B. UNWIN

70 Whitehall, London SW1A 2AS
Telephone 01 233

bc Mr Norgrove
Mr Wiggins
Mr Roberts

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LORD PRESIDENT OF THE COUNCIL

pa

Teachers' Pay

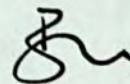
Following the cancellation of this morning's MISC 122 meeting, I have explored the options further with DES and the Department of Employment, drawing on the analysis that I put to you. In particular, I urged DES to start considering now the kind of response the Government might make if an ACAS agreement emerges tomorrow or over the weekend.

2. I now understand that Sir Keith Joseph proposes to proceed as follows:

- to confine any initial response to an ACAS agreement (eg over the weekend) to a cautious holding statement that would welcome the end of disruption but stress the need for the Government to consider the agreement in detail before commenting substantively;
- to argue again next week the case for announcing an inquiry (in effect hijacking the ACAS agreement); but also to display the option of letting the ACAS initiative run, but stating that the Government would intend to take an active and constructive part in its discussions.

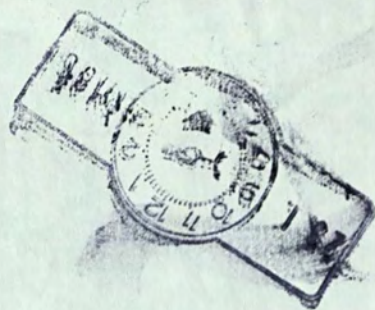
3. We hope to be able to arrange a meeting of MISC 122 on Monday afternoon. I have therefore asked DES, subject to developments on ACAS, to be ready to produce (necessarily on Monday morning) a note for that meeting setting out the above options. This would enable a decision to be taken on which of the two routes to follow (inquiry/consultation document or letting ACAS run) in time for a statement later in the week.

4. I have also asked the Scottish Office to consider urgently the implications for Scotland of letting the ACAS procedure run.



J B UNWIN

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

NBP.

Prime Minister

22 January 1986

TEACHERS' PAY AND DUTIES

I should like to add a little to what Keith Joseph has said in his latest minute.

I strongly endorse the points you made this morning. We do not want to pay out extra money for no return. We must win back the moderate teachers who form such a large part of the teaching force. And we must set in position a better way of determining teachers' pay and conditions for the future. I believe you are right in supposing that a standing review body might be more receptive to our ideas and might be able to overcome the paralysis which has made the present negotiating machinery so ineffective; but I support Keith's view that the best way to approach this is through a wide ranging inquiry which can secure widespread public support for radical change.

I endorse the general analysis in Keith's minute. But I must point out that the first option he lists in paragraph 1 looks very different in Scotland. We do not even have the dubious advantage of an ACAS conciliation exercise to fall back on; all we face is continuing stalemate with both sides looking to the Government for a solution and little sign of real movement from the teachers' unions on which negotiations could be based. Moreover our difficulties over the national school examinations will soon lead us to a crisis of public confidence.

E.R.

There are however a couple of points I should like to make on the terms of reference Keith has suggested for the proposed inquiry. First, if we want the inquiry to consider the "standing review body" option seriously we should make this clear from the start by adding the following at the end of "a" in paragraph 13:

"including the possibility of establishing a standing review body"

Second we should make it clear beyond doubt that the inquiry is not meant to consider whether central government should take over responsibility for running or financing the education service; this could perhaps be done by inserting a suitable passage into the announcement rather than by altering the terms of reference themselves.

Finally I agree with Keith that we should try to reach a decision and announce it tomorrow. We have nothing to gain by further delay.

I am copying this to other members of MISC 122 and to Sir Robert Armstrong.

M.R.

M.R.



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PRIME MINISTER

CMO

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CCBU

NBPN

(For Misc 122
back up
please)

TEACHERS' PAY AND DUTIES

1. MISC122 meets again tomorrow. Today's discussion enables us to put on one side some arguments, and to concentrate on the remaining options. Essentially these are:

- i. to stand pat - the Government will provide extra for teachers' pay within the £1,250 million only on the stated conditions - and allow ACAS in England and Wales to proceed ; or
- ii. to set up some new body to review and make recommendations for teachers' pay and conditions of service.

Not a new Houghton

2. We would not be setting up a new Houghton or Clegg : both were concerned with pay only. Moreover we can expect the unions fiercely to denounce a decision to mount an inquiry or other review addressing duties, performance and the relationship between pay and responsibilities.

Not a bad signal

3. Nor need we fear that we would signal a change for public sector pay generally. We accept the case for more pay only in the context of reform - not only of the structure of the profession but in relation to acceptance by teachers of the full range of their duties.

Centralisation

4. The Chancellor doubts whether local authorities can ever be brought to exercise their employer/management responsibilities effectively, and suggests centralisation of the school system (education system?) under DES control with the DES as the teachers'

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employer. Apart from the resulting increase in Government manpower, the huge burden of every local issue being the responsibility of the holder of my office, and the conflict with our policy for local government finance, makes this simply not a practical option before the next election. Moreover an announcement of such an intention would unite all LEAs and teachers against us and intensify disruption.

Legislation

5. We may well eventually need legislation to prescribe teachers' duties linked with contracts of employment. But this would be very strongly opposed in Parliament as well as by teachers and their employers unless it were perceived as essential as a last resort. We should not therefore embark on such legislation without extensive consultation, or preferably on the back of an inquiry of some kind. It is essential that we adopt a line which wins the support of the majority of good teachers.

Improvements at reasonable cost

6. It is not realistic to expect perfection. No outcome will guarantee that all LEAs will take firm action to ensure that all teachers always fulfil every detail of their contracts. There is no action we can take that will guarantee that no teacher will disrupt the work of any school. But better machinery for determining pay and conditions, better definition of teachers' duties, a better pay structure, and public support for what is perceived as a sound structure will secure big improvements. That is what we must aim for, while keeping the cost within bounds.

Standing firm

7. If we adopt the first option and leave the ACAS exercise to take its course we cannot be sure exactly what will be the outcome or what its timing will be.

8. ACAS envisage a pay settlement without strings for 1985, perhaps with an additional "payment on account" for 1986; an

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agreement to "assisted" negotiations across pay and conditions for 1986; and an end to disruption at least for the time being.

9. The words of the draft agreement commissioning the proposed ACAS-assisted review are already drifting. I believe that the ACAS search for agreement between the parties in the setting up of a 1986 review - and thereafter in its conduct - is likely to prove very expensive and that it will fail to deliver on duties and contracts. If ACAS fail to secure accord on a 1986 review and proceed to mount their own inquiry, I would still fear an expensive outcome because of their conciliating instincts. I also believe that whatever we may say at the outset it will be very hard for us to stand aside from an ACAS outcome, and refuse - so much nearer an election - to countenance the expenditure involved, even if it does not satisfy our conditions.

A Government-promoted review

10. You referred this morning to the possibility of setting up a standing review body. I would welcome this, as a means of determining teachers' pay and other conditions of service. Such a possibility was canvassed in paragraph 10 of the note by officials attached to MISC122(86)3 and paragraph 6 of Annex II of that note.

11. This would require legislation. Existing review bodies advise the Government about pay for Government employees, and the Government decides on pay in the light of that advice. Teachers are local authority employees, and their pay (and conditions, in Scotland) is determined by statutory negotiating committees. I do not believe it would be practicable for us to ride roughshod over certain opposition to replace those statutory negotiating committees by new statutory standing review bodies without full consultation or - and preferably - such a development emerging from an inquiry. Moreover, we should have to have reserve powers to override any recommendations from such a body.

12. It is essential also to recognise that under existing law recommendations about teachers' pay from any inquiry or body (ACAS or Government promoted) could only be put into effect

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in England and Wales or Scotland by their being formally adopted by both sides of the existing statutory committees.

13. I continue to favour an inquiry (or two linked inquiries, for England and Wales and for Scotland), for the reasons I set out yesterday. I would expect it to yield recommendations for a new pay structure and pay levels for 1986 by the end of the summer; recommendations for teachers' duties and contracts that we should have to legislate into place; and recommendations for new machinery for determining pay and conditions - possibly a standing review body. We would submit evidence to that effect. In the meantime any pay settlement for 1985, reached with or without further ACAS help, would have to be reached without additional finance. I envisage terms of reference along these lines:

"To consider:

- a. the duties, pay structure, pay levels and other conditions of service of school teachers (in England and Wales), and the machinery for negotiating or determining those matters;
- b. the responsibilities of and relationships between central Government, local education authorities and the teacher associations in the professional development and management of the teacher force;

and to make recommendations."

There is no serious possibility of terms of reference on these lines being agreed with the teachers, though they might be with the local education authorities. The terms of reference must be sufficiently open, to carry public conviction.

14. I believe that we could justify this course of action by reference to the NUT's continued obdurate refusal to address the question of teachers' professional obligations and of ACAS's inability to make headway in the teeth of that NUT veto. I believe we should thus recapture the goodwill of the conscientious and

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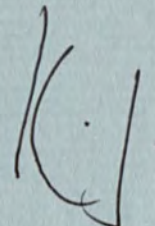
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moderate teacher, who must be much troubled by the increased politicisation of the NUT and the inter-union power and membership struggles. I also think we should win parental opinion.

15. I should like us to announce our intention to set up such inquiries in the course of tomorrow's debate. It would be a mistake to allow the ACAS work to acquire more momentum. We would then announce names of the chairman and members shortly afterwards.

16. I am sending copies of this minute to the Chancellor of the Exchequer and to other members of MISC122, and to Sir Robert Armstrong.



K J

22 January 1986

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CMO





CONFIDENTIAL

P 01884

PRIME MINISTER

NBPN - meeting not held

Teachers' Pay Dispute
Resumed meeting of MISC 122 after Cabinet on
23 January

You agreed to resume this morning's MISC 122 discussion after Cabinet tomorrow. Sir Keith Joseph intends to send you a further minute this evening outlining his own recommendations for action. I expect these to centre once more on some form of inquiry, as a precursor to legislation. There are, however, some delicate issues of tactics and timing, as well as substance, and you may find the following analysis (based on discussions with senior officials of the Departments concerned following MISC 122) helpful background to further consideration.

ACAS INTERVENTION

2. There was some uncertainty about this this morning. But it is crucial to have a clear view of where ACAS have got to and what the prospects are for agreement at the resumed talks on Friday. My understanding of the position is as follows.

3. The ACAS approach is three-legged:-

(i) cash settlement for 1985 (the figures in circulation are an end loaded 8.5 per cent for 1985 plus 3-4 per cent "on account" from 1 April 1986);

(ii) identification and review of all the other issues that need to be settled (covering both the 1986 salary claim and restructuring, conditions of service, definition of duties, appraisal arrangements etc). This process would be facilitated by the appointment by ACAS of an independent three-man panel which would control the programme and



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procedure of negotiations "with a view to an early resolution of differences on all negotiable matters". The Panel would review its work after 6 months to decide whether it could continue to make a useful contribution and to make a final report to both sides on any key unresolved issues, together with its recommendations on how they should be resolved;

(iii) immediate cessation of industrial action.

4. At the discussion yesterday ACAS tabled the attached paper (Annex 1) setting out the above approach. In response the employers' and union sides each tabled their own version of Appendix B of the ACAS document. I understand that these are miles apart, but ACAS intend the resumed meeting on Friday to see whether they can bring the sides closer together. The NUT, however, are not participating; their position remains that they are only prepared to discuss pay.

5. What is the prospect for agreement on Friday? This depends to some extent on the NUT since ACAS would almost certainly not be willing to promote an agreement unless all the parties were involved. If an agreement is in prospect on cash for 1985 the NUT will be under pressure to join in, particularly since they could avoid commitment to the outcome of discussions on 1986 and the longer term issues. On balance, however, agreement on Friday seems unlikely, although some sort of a deal on 1985 at least could emerge later, with or without NUT participation. This would be most unlikely, however, to offer much if any hope of delivering the Government's education policy objectives. The chances are that we should end up in 6 months time with no more than disputed recommendations by the ACAS panel on the longer term issues.

TIMING OF ANY GOVERNMENT INITIATIVE

6. It is still, of course, an option to "stand firm" and let the ACAS intervention take its course. The Government are committed to not providing any extra money to cover the cost of a 1985 settlement,



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although they have indicated willingness to meet the knock-on effects of this in the later years in the context of a satisfactory overall package. With the help of a more effective publicity campaign it might just be possible to conclude a successful 1986 negotiation once the present situation had been broken by the 1985 settlement and (hopefully) the teachers had returned to work. The Chancellor still strongly favours this option.

7. If, however, as I think you are now yourself inclined to accept, some initiative needs to be taken by the Government to restore control and, hopefully, win over the more responsible and moderate teachers, the immediate question is whether this should be announced before any ACAS agreement has been reached, or after it. The latter option is not attractive. It would amount in effect to hijacking the ACAS recommendations. This would not be easy, particularly if the employers or unions preferred the ACAS version; and it could be extremely confusing to the public. It would seem much better, therefore, to think in terms of a pre-emptive announcement. Sir Keith Joseph will recommend that this should be made tomorrow (using the occasion of the half-day debate on an Opposition motion on the "crisis in schools"). This would, however, be, and be seen to be, extremely rushed, with a high risk of a slip up (which would be the more dangerous given the present nervy state of the markets). It would in any case seem unnecessary if the assessment above that an ACAS agreement on Friday is unlikely is correct. Subject, therefore, to any further reports on the ACAS initiative, it would seem better to think in terms of any announcement in another week or so (eg on Thursday, 30 January, which would give time for fuller consideration and for the Cabinet to discuss the proposal on that day). It would, however, be advisable to decide earlier that there will be an announcement so that the necessary informal signals can be given to ACAS to head them away from any early agreement going beyond the 1985 cash settlement.

FORM OF INITIATIVE

8. You suggested by implication at MISC 122 this morning the



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possibility of a standing review body (by analogy with that for the nurses). This possibility was floated in paragraph 10 of the note by officials attached to the Education Secretary's paper (MISC 122(86)3), but not explored further. How might this best be pursued?

9. First, it could only be effective with legislation. Under the present legal arrangements, any recommendations of a review body would have to be processed through the Burnham machinery leading to the transmission of recommendations to the Secretary of State. Without a change in the law, unless the employers and the unions were willing to accept the proposals of such a body, it would have no chance of success. But equally legislation will only work if sufficient numbers of teachers are willing to live with it.

10. This leads to the second issue - whether such legislation could be introduced without prior consultation. The Education Secretary will argue strongly for such consultation on the grounds that otherwise the Government's proposals would be fiercely opposed and the present industrial action would not end. He is therefore likely to recommend that the Government should announce a comprehensive inquiry, on the lines previously considered in MISC 122. The announcement would not itself refer to the possibility of a standing review body; but this would be expected to emerge from the inquiry's findings in due course.

11. I am sure that DES are right in arguing that a bald announcement of the intention to legislate would arouse considerable opposition. It would certainly be unlikely to win over to the Government side either the parents and public at large or the moderate teachers. It is not clear, however, that consultation needs to take the form of a full blown inquiry, whose risks have already greatly concerned Ministers. An alternative would be a consultation document, which clearly signalled the Government's preferred approach, but offered a genuine opportunity for consultation before final decisions were taken. This would help to retain control in the Government's hands and to avoid the impression of a complete U-turn; but if carefully and



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sympathetically presented would at least offer the chance of winning greater support for the Government's case. It should also be quicker than an inquiry if the consultation period were limited to, say, three months.

12. If, therefore, you think that this is worth exploring further, you might wish to commission from the Education Secretary a paper for consideration early next week which:-

(i) sets out proposals for an independent statutory standing body with members appointed by the Government (covering such issues as the terms of reference, the retention of override powers for the Government etc);

(ii) the outline of a consultation document covering both the above and the other legislative changes (on structure, conditions of service, assessment etc) the Government would have it in mind to make.

If such a proposal were approved by the Cabinet on 30 January a brief statement foreshadowing this could be made on that day, leading to a fuller statement and publication of the consultation document shortly thereafter.

HANDLING

13. You will wish to ask the Education Secretary to speak to his new proposals, and to seek the views of the Scottish and Welsh Secretaries on them. You will also wish to ask the Paymaster General to report the latest position on ACAS; and seek the Chancellor of the Exchequer's views, before opening discussion to the Group generally.

CONCLUSION

14 You will wish to reach decisions:-



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(i) on whether the Government should allow the ACAS discussions to take their course or should announce a new initiative;

(ii) on the timing of any such initiative, in particular whether it should precede or follow an ACAS agreement;

(iii) on the form of any such initiative, in particular on whether, if a statutory review body were favoured, legislation to introduce it should be preceded by a period of consultation, either through an independent inquiry or a Government consultation document;

(iv) on the further work necessary to permit the Government to take a final decision.

J B UNWIN

22 January 1986
Cabinet Office

A NEW DEAL FOR THE TEACHING PROFESSION

The problems relating to teachers' pay, restructuring and conditions of service have been developing over a period of time and clearly for a number of reasons (the problem of funding is only one) they cannot all be solved overnight or even in a single year.

Nevertheless a start must be made and ACAS is prepared to help. A number of ideas are therefore developed in this paper which the management and the teachers are invited to consider. Clearly, their implementation can only be effected with the agreement of both sides.

The basic approach is that the two parties, under ACAS auspices, should settle the 1985 salary claim and also chart the way forward. Such agreement(s) in addition to details of the 1985 settlement (pro forma appended 'A') would contain the following:-

1. Identification of the continuing problems that have to be addressed and the objectives that have to be achieved within the context of a new deal. The first draft of a preamble which the two sides are invited to consider is appended 'B'.
2. Identification of the 1986 objectives. These are seen to consist of:-
 - (a) settling the 1986 salary claim
 - (b) progressing and concluding all the issues relating to restructuring and conditions of service which either the management or the teachers wish to raise. Clearly it would be necessary to bear in mind that the terms of any agreements finally reached were such that new resources were made available by the Secretary of State.

(c) any other negotiable matters submitted by the management or teachers.

3. Provision for the appointment by ACAS of an independent and impartial panel with agreed terms of reference and constitution (first draft appended 'C').

4. It is envisaged that once ACAS conciliation has resulted in "new deal agreement(s)" which has been signed by the two sides and which covers both the Burnham and CLEA(ST) machinery, steps would be taken by all the teachers organisations concerned to call of all industrial action. Burnham would then be invited to ratify the pay settlement of the 1985 claim.

5. The achievement of the 1986 objectives on mutually acceptable terms represents a formidable and complex task. It is reasonable to expect that there will be a period of calm and peace so that the negotiations can be conducted in a constructive manner.

21 January 1986

In full and final settlement of the claim of the Teachers' Panel dated 16 October 1984 the following increases shall apply:-

With effect from 1 April 1985

For each teacher £480 per annum or 5 per cent whichever is the greater

or

5.5 per cent for all teachers.

With effect from 1 July 1985

2 per cent for all teachers.

ACAS Note

The above represents the understanding of ACAS as to what was offered informally on 14 October 1985. During the talks at ACAS the Teachers' Panel have made it clear that if any settlement is to be achieved this offer must be improved.

STATEMENT OF OBJECTIVES

We, the parties to this agreement, believe that the provision of an effective and efficient education service in schools is at present impeded by the following problems:

- inadequate salary levels;
- an outdated pay structure;
- a lack of agreement as to the proper duties and responsibilities both of teachers and of their employers.

We recognise that the service has to compete with other claims on finite local and national resources. Nevertheless, we believe that real increases in the resources devoted to primary and secondary education are now necessary.

We therefore commit ourselves to negotiate constructively in order to achieve the following objectives as quickly as possible:

1. Salary levels and a salary structure which will

- attract sufficient teachers of the right quality to the full range of teaching posts, including those carrying leadership responsibilities, or where skills are currently in short supply;
- retain these teachers, and motivate them to give of their best at all stages of their careers;
- improve the status of the classroom teacher; and
- bear comparison with the salaries available elsewhere in the education service and in other professions in which teachers might otherwise be employed.

2. Arrangements for appraisal and training which will

- ensure that teachers at all levels remain properly equipped for their tasks; and
- ensure fair selection for posts carrying leadership responsibilities.

3. A clear definition of the duties and responsibilities which should properly be shouldered, as part of the contract of employment, by teachers and by their employers.

1. An independent and impartial panel shall be appointed by ACAS with the following terms of reference:

"To guide, advise and assist the Management and Teachers' to provisional agreements on the pay, structure and career progression of the teaching profession and any other related matters, eg conditions of service, which either party may wish to bring forward for discussion and negotiations."

2. The panel shall control the programme and procedure of negotiations with a view to an early resolution of differences on all negotiable matters.
3. The panel shall consist of a chairman and two other members all of whom shall be appointed by the Chairman of ACAS.
4. The chairman of the panel, in consultation with the members, shall determine all matters of procedure. He will also ensure that where negotiations come to an end over a particular issue, a report is made to the parties and to ACAS on the matter; he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.
5. The secretariat to the panel will be provided by ACAS.
6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.
7. After a period of six months following the date of the ACAS agreement(s) the panel shall review its work with a view to conclude whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.
8. The Department of Education and Science will continue to play full part in all the discussions that take place under the auspices of the panel.

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CMO

PRIME MINISTER

TEACHERS' PAY AND DUTIES

1. MISC 122 is to meet tomorrow morning. I circulated MISC122(86)3 and 4 over a week ago when we expected to meet on 15 January. Events have since moved forward.

2. ACAS devoted 2 days last week to meetings with the management and teachers' sides seeking to bring about agreement by conciliation. There is little by way of concrete outcome yet, and the prospects are uncertain. There is to be a further meeting today, and there may be another on Thursday. I will report orally tomorrow morning.

3. Nevertheless ACAS will be seeking today to reach agreement on some basis such as:

- i. a cash settlement for 1985 at least a little above the 6.9% level end loaded to 7.5% already informally offered, possibly plus a further percentage increase "on account" from the beginning of 1986, without strings;
- ii. agreement to "assisted" negotiations for 1986 across pay and conditions of service (this would have something of the nature of an inquiry or arbitration, but would probably avoid using any such name); and
- iii. an end to disruption at least for the time being.

It is possible that there would be words in the terms of reference for ii. about restoring past erosion of pay. It is possible that a deal on these lines may emerge even if the NUT continues to stand aloof and does not end its own disruption.

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4. If agreement on these lines is reached it would be a bad deal for us. There would be the immediate cost followed almost certainly by a substantial long-term cost without the sort of agreement on pay and conditions for which we are looking. ACAS will inevitably be seeking to promote agreement between the parties, and all past experience is that the changes in pay structure and conditions of service which we want cannot be obtained by agreement with the teachers. The only good feature, if it emerges and is effective, would be a reduction in and possibly an end to disruption for the time being.

5. I believe that if we set up our own inquiry, that would be much more satisfactory. It would still, no doubt, lead to substantial cost, but we would control its membership and terms of reference, and could reasonably expect recommendations to cover conditions of service, contracts, and negotiating machinery providing a valuable move towards our objectives. Such recommendations would, if the teachers proved unwilling to accept them, provide a credible and politically justifiable basis for legislation.

6. If colleagues accept that there are considerable dangers in ACAS launching their initiatives, the timing is such that there may be a small time-window tomorrow, which we could use to set up our own inquiry. I could announce our intention to do so in the debate on Thursday. We should consider this possibility tomorrow. I favour it. We should recognise that if ACAS carry their work forward to the stage of getting agreement by both management and unions to a package of the kind described above, then we should face great political difficulty if we wished to halt the process and substitute our own inquiry. We are therefore in practice faced with the alternatives of on the one hand holding to our present position and accepting that ACAS may set up an unsatisfactory exercise, or on the other of pre-empting the situation by announcing our own intention to set up an inquiry.

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7. None of the above covers Scotland. If we decide in favour of an inquiry for England and Wales, we may judge that also the right course in Scotland. Two linked inquiries under a common chairman would be a possibility.

8. I shall seek to expand on this orally tomorrow morning. But I thought it would be helpful since events have moved forward from last week to send you and colleagues this indication of my thinking at this stage.

9. I am sending copies of this minute to the Lord President, the Chancellor of the Exchequer, and to other members of MISC 122.

KJ

KJ

Department of Education and Science

21 January 1986

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CMO



DN/Sean

Clark

B/f 24/1

~~CBG~~
DN

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PRIME MINISTER

Misc 122 backup
please

MISC 122: Teachers

1 It might be helpful to provide a brief account of the proposals under discussion at ACAS as a basis for our meeting tomorrow. The position has changed since last night.

2 Attached is the note (Appendix 1) which ACAS invited the Management Panel and the Teachers' Panel (the NUT refusing to attend) to consider yesterday. The approach suggested was:-

- (a) to attempt to settle the 1985 pay claim;
- (b) at the same time, to identify and agree all other issues which need to be resolved in the longer term, including the 1986 pay claim;
- (c) and to consider the appointment of a panel by ACAS to assist the parties towards agreement on these issues;
- (d) for industrial action to end on agreement of the above matters.

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3 Although there was no formal discussion between the parties on what would settle the 1985 pay claim, it has now emerged that the unions would be likely to accept 6.9% end-loaded to 8.5%. They are not interested in a lead-in payment for 1986 as previously thought. The Management Panel can be expected to consider its position in full session tomorrow. An offer of this kind cannot be ruled out.

4 Both Panels were unable to accept ACAS's draft statement of objectives for the longer term (Appendix B of the note which has now been withdrawn). They each drafted their own statement but, I understand, their leaders in informal exchanges today have virtually agreed a common statement which they are prepared to recommend for acceptance.

... Attached (Appendix 2) is the latest version which is in fact a draft agreement.

5 The leaders of both Panels are also prepared to accept the appointment of a panel by ACAS much as proposed.

6 There is therefore an emerging likelihood that agreement could be reached in resumed discussions at ACAS on Friday, at least in principle.

7 There remains the position of the NUT. I believe it would be very much a mistake for the Management Panel to conclude any agreement and make a formal pay offer in Burnham to which the NUT was not committed. I would expect considerable efforts to be made by ACAS and through the TUC to persuade the NUT to be a party to the proposed agreement. It might be some days before it was clear whether such pressures

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would be successful. But if they were not, the Management Panel might nevertheless conclude that agreement with the other unions was sufficient prize.

8 I am copying this minute to the other members of MISC 122 and to Sir Robert Armstrong.

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A NEW DEAL FOR THE TEACHING PROFESSION

(21/1/86)

The problems relating to teachers' pay, restructuring and conditions of service have been developing over a period of time and clearly for a number of reasons (the problem of funding is only one) they cannot all be solved overnight or even in a single year.

Nevertheless a start must be made and ACAS is prepared to help. A number of ideas are therefore developed in this paper which the management and the teachers are invited to consider.

Clearly, their implementation can only be effected with the agreement of both sides.

The basic approach is that the two parties, under ACAS auspices, should settle the 1985 salary claim and also chart the way forward. Such agreement(s) in addition to details of the 1985 settlement (pro forma appended 'A') would contain the following:-

1. Identification of the continuing problems that have to be addressed and the objectives that have to be achieved within the context of a new deal. The first draft of a preamble which the two sides are invited to consider is appended 'B'.

2. Identification of the 1986 objectives. These are seen to consist of:-

(a) settling the 1986 salary claim

(b) progressing and concluding all the issues relating to restructuring and conditions of service which either the management or the teachers wish to raise. Clearly it would be necessary to bear in mind that the terms of any agreements finally reached were such that new resources were made available by the Secretary of State.

(c) any other negotiable matters submitted by the management or teachers.

3. Provision for the appointment by ACAS of an independent and impartial panel with agreed terms of reference and constitution (first draft appended 'C').
4. It is envisaged that once ACAS conciliation has resulted in "new deal agreement(s)" which has been signed by the two sides and which covers both the Burnham and CLEA(ST) machinery, steps would be taken by all the teachers organisations concerned to call off all industrial action. Burnham would then be invited to ratify the pay settlement of the 1985 claim.
5. The achievement of the 1986 objectives on mutually acceptable terms represents a formidable and complex task. It is reasonable to expect that there will be a period of calm and peace so that the negotiations can be conducted in a constructive manner.

21 January 1986

APPENDIX 'A'

In full and final settlement of the claim of the Teachers' Panel dated 16 October 1984 the following increases shall apply:-

With effect from 1 April 1985

For each teacher £480 per annum or 5 per cent whichever is the greater

or

5.5 per cent for all teachers.

With effect from 1 July 1985

2 per cent for all teachers.

ACAS Note

The above represents the understanding of ACAS as to what was offered informally on 14 October 1985. During the talks at ACAS the Teachers' Panel have made it clear that if any settlement is to be achieved this offer must be improved.

APPENDIX 'B'

STATEMENT OF OBJECTIVES

We, the parties to this agreement, believe that the provision of an effective and efficient education service in schools is at present impeded by the following problems:

- ? - inadequate salary levels; [LEAs]
- ✓ - an outdated pay structure;
- ✓ - a lack of agreement as to the proper duties and responsibilities both of teachers and of their employers.

We recognise that the service has to compete with other claims on finite local and national resources. Nevertheless, we believe that real increases in the resources devoted to primary and secondary education are now necessary.

£1.2m.
North of the
Humber.

We therefore commit ourselves to negotiate constructively in order to achieve the following objectives as quickly as possible:

1. Salary levels and a salary structure which will

- ✓ - attract sufficient teachers of the right quality to the full range of teaching posts, including those carrying leadership responsibilities, or where skills are currently in short supply;
- ✓ - retain these teachers, and motivate them to give of their best at all stages of their careers;
- X - improve the status of the classroom teacher; and
- bear comparison with the salaries available elsewhere in the education service and in other professions in which teachers might otherwise be employed.

- provide appropriate reward for the prof. qual., exp. + standards of performance teachers achieve

2. Arrangements for appraisal and training which will

- ✓ - ensure that teachers at all levels remain properly equipped for their tasks; and
- ✓ - ensure fair selection for posts carrying leadership responsibilities.

2.

- ✓ 3. A clear definition of the duties and responsibilities which should properly be shouldered, as part of the contract of employment, by teachers and by their employers.

1. An independent and impartial panel shall be appointed by ACAS with the following terms of reference:

"To guide, advise and assist the Management and Teachers' to provisional agreements on the pay, structure and career progression of the teaching profession and any other related matters, eg conditions of service, which either party may wish to bring forward for discussion and negotiations."

2. The panel shall control the programme and procedure of negotiations with a view to an early resolution of differences on all negotiable matters.

X 3. The panel shall consist of a chairman and two other members all of whom shall be appointed by the Chairman of ACAS.

2 4. The chairman of the panel, in consultation with the members, shall determine all matters of procedure. He will also ensure that where negotiations come to an end over a particular issue, a report is made to the parties and to ACAS on the matter; he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.

5. The secretariat to the panel will be provided by ACAS.

6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.

7. After a period of six months following the date of the ACAS agreement(s) the panel shall review its work with a view to concluding whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.

8. The Department of Education and Science will continue to play a full part in all the discussions that take place under the auspices of the panel.

THE DRAFT AGREEMENTIntroduction and Objectives

We, the parties to this agreement:-

1. Recognise that there are serious problems relating to teachers' pay, structure and conditions of service; that they have been developing over a period of time and cannot therefore be solved overnight or even in a single year; but that these problems must now be tackled with vigour.
2. Believe that if educational standards are to be maintained, let alone improved, real increases in the resources devoted to primary and secondary education in England and Wales are necessary.
3. Accept that a start should be made on the basis of (a) settling the 1985 salary claim and (b) agreeing the procedures for negotiating the remaining issues, including the 1986 salary claim.
4. Commit ourselves to negotiate constructively and expeditiously on:-
 - (a) salary levels and a salary structure which will
 - attract sufficient teachers of the right quality to the full range of posts within the teaching profession including those carrying leadership and management responsibilities;
 - retain teachers, and motivate them to give of their best at all stages of their careers;
 - recognise the central importance of the teacher in the classroom; and
 - relate to the responsibilities undertaken at the various levels of teaching and take account of salaries elsewhere.
 - (b) arrangements for appraisal and training which will:

- (i) ensure that teachers at all levels remain properly equipped for their tasks;
- (ii) assist towards teachers' career development and fair selection for posts carrying leadership responsibilities;
- (c) a clear definition of the contractual duties and responsibilities (including defined limitations) of teachers and their employers.

The 1985 Salary Claim

/Here will be included the terms of the settlement eventually agreed/

Future Procedure

1. An independent and impartial panel shall be appointed by ACAS with the following terms of reference:

"To guide, advise and assist ^{*[as a matter of urgency]*} the management and teachers to provisional agreements on the pay, structure and career progression of the teaching profession and any other related matters, eg ^{*[+ procedures for negotiation]*} conditions of service, which either party may wish to bring forward for discussion and negotiations."

2. This panel shall control the programme and procedure of negotiations with a view to an early resolution of differences on all negotiable matters.

3. The independent panel shall consist of a chairman and two other members all of whom shall be appointed by the Chairman of ACAS.

4. The chairman of the independent panel, in consultation with the members, shall determine all matters of procedure. He will also ensure that where negotiations come to an end over a particular issue, a report is made to the parties and to ACAS on the matter;

he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.

5. The secretariat to the independent panel will be provided by ACAS.

6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.

7. After a period of six months following the date of this agreement the independent panel shall review its work with a view to concluding whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.

8. The Department of Education and Science will continue to play a full part in all the discussions that take place under the auspices of the panel.

Cessation of All Industrial Action

The teachers' organisations undertake to take immediate steps with a view to the cessation of all industrial action and a return to full normal duties.

Adoption of Agreement

The parties to this agreement now intend formally to adopt it through the Burnham Primary and Secondary Committee and CLEA/ST.

Signed on behalf of:

he will also report to ACAS on matters which are deemed likely to lead to a dispute so that ACAS may arrange for conciliation and, if appropriate and jointly agreed, a reference to arbitration on approved terms of reference.

5. The secretariat to the independent panel will be provided by ACAS.

6. The proceedings of this panel with the participating parties and any reports arising therefrom shall be private to them.

7. After a period of six months following the date of this agreement the independent panel shall review its work with a view to concluding whether it can continue to contribute usefully to a solution of the profession's problems. The panel shall eventually make a final report to both sides and to ACAS on any key issues that have not been resolved. It shall at the same time formally recommend how in its view the problems should be resolved.

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The parties to this agreement now intend formally to adopt it through the Burnham Primary and Secondary Committee and CLEA/ST.

Signed on behalf of:



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PRIME MINISTER

Teachers' Pay Dispute

MISC 122(86)2, 3 and 4

BACKGROUND

1. You chaired a meeting of the Group on 18 December which reviewed the Government's options for responding to the teachers' pay disputes. The Group ruled out a wide ranging inquiry into pay and conditions, because of the risk of a very substantial pay increase for teachers and the damage to the Government's industrial and economic strategies. The Group concluded that legislation was likely to be needed at some stage to impose more specific contracts of employment, to introduce better management structures, and to reform the negotiating machinery of the teaching profession. The Secretary of State for Education and Science was therefore asked to prepare a paper setting out in detail what the Government would require from such legislation and discussing the problems of how to ensure that the new arrangements would be implemented. He was also asked to bring forward proposals for a more effective public relations campaign. The Paymaster General was asked to consider what further steps might be taken to counter the teachers' disruptive action (MISC 122(85)3rd meeting).

2. These remits are discharged in the two papers from the Education Secretary, MISC 122(86)3 on the possibilities of using legislation and MISC 122(86)4 on public relations, and that from the Paymaster General on the employment law aspects - MISC 122(86)2.

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MAIN ISSUES

3. The main issue is to determine the Government's response to the teachers' dispute, both in the short and the longer terms. You will therefore wish to see whether the Group can devise a coherent strategy to tackle the increasingly serious educational and political situation now facing them.

The Short Term

4. Both the employers and unions took part in talks at ACAS last week, although after the first day the NUT withdrew from the meetings with the teachers' panel and insisted on separate discussions. Talks at ACAS resume today, and we understand that they have in mind a proposal involving a settlement of the 1985 claim linked with a review of pay and conditions for 1986, with disruption being suspended in the meantime. The Education Secretary will be able to report on the outcome, but it seems unlikely that the NUT will depart from their hitherto firm refusal to link pay and conditions. The other unions may be prepared to see this linkage, but are likely to insist that the terms of reference for any review refer to restoring Houghton levels, which would be quite unacceptable to the Government.

5. Meanwhile the two largest unions have held pay conferences. The NUT rejected a boycott of exams, but did vote in favour of increased action (including a one day strike). NAS/UWT also narrowly voted against hitting examinations. They are, however, less keen to step up the level of industrial action: they see 1987, in the run-up to the next election, as the best year to provoke an all-out confrontation with the Government. In Scotland, the EIS is going ahead with its boycott of examinations, and industrial action continues.



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6. Parents are divided: there have been both statements of support for the teachers, as well as calls for them to cease their action. However, one of the most surprising features of the situation has been the absence of any strong expression of views by parents either way in the dispute, although this may change as disruption spreads, particularly if public examinations are affected.

7. The local authorities continue to take a relatively weak line in disciplining teachers who take disruptive action. Although most LEAs are stopping the pay of teachers actually on strike, none has so far been prepared to send home or lay off teachers unwilling to work normally. Their general attitude seems to be that schools can only work effectively on the basis of the consent of everyone in them, and that attempts at tough management action would risk exacerbating an already difficult situation. However, there are reports that six education authorities in England and Wales are planning to deduct pay for a full school session from teachers who strike for a shorter period, and that the NUT are threatening them with legal action.

8. It would seem unwise for any Government action to be taken - or the possibility of it to be leaked - while the ACAS discussions are continuing. The outcome is likely to be far from satisfactory, but they at least offer some chance of achieving a settlement of the 1985 pay dispute, which would provide a window for a Government initiative in the longer term, although an ACAS sponsored review of pay and conditions (were it to proceed) has grave risks. Any Government action in the meantime would be likely to prejudice the successful conclusion of the ACAS talks.



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9. But if the ACAS talks fail, the Government will need to be prepared to step up pressure. There will need to be a number of components to this. First, can the Government increase the pressure on LEAs to be more robust in disciplining teachers? So far the Government has not been able to persuade sufficient LEAs to take a tough enough line for action to be effective, and any single authority risks discriminatory retaliation if it acts in isolation. The Paymaster General raises the possibility of using the Government's powers of direction to force local authorities to act (paragraph 6 of MISC 122(86)2), but he points out that further legal advice would be necessary, and that to use these powers and fail would make matters worse.

10. Second, the Government would want to use all means of securing public support for its stance. The Education Secretary proposes in MISC 122(86)4 to continue with broadly the present strategy, ie speeches, press notices, radio and TV interviews, and letters to all conservative MPs. He suggests that there might also be special briefings for constituency chairman and mobilising co-ordinated action through LEA chairman. He remains opposed to the use of paid advertising and direct mail, although he is considering sending an 'open' letter to the Chairman of Governors of all maintained schools. The Group will wish to consider these suggestions, but the public response has so far been disappointing and at some stage a more aggressive campaign may be necessary. A fundamental difficulty, however, is that the Government's objectives are comparatively subtle - for them the dispute is primarily about professionalism and management of the teacher force - whereas the unions' case is a much more straightforward one about pay. Advertising should not be ruled out, but there are hazards. It was used during the 1982 NHS disputes, when the DHSS was effectively the employer. However, the Advertising Standards Authority ruled the campaign political and so outwith its jurisdiction: this would cause embarrassment if the same were to happen now given the Government's stance against political advertising by local authorities.



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The Longer Term

11. However the immediate dispute is resolved the Government will need to be ready to act to secure its education policy objectives and to reduce the scope for teachers to take similar disruptive action again.

12. The main message in the Education Secretary's paper on teachers' pay and duties (MISC 122(86)3) is that while legislation to impose new structures may be necessary, it will not be sufficient to solve the underlying problems. While some further clarification of teachers' duties might be helpful, this alone would not prevent disruptive action, and could indeed be counter-productive by introducing a 'rule book mentality' rather than promoting a new professionalism. Changes in structure alone will not secure changes in attitude. In any case, whatever changes were introduced, there could still be no guarantee that the employers - the LEAs - would be willing to enforce them (certainly not unless they commanded wide support among the teachers themselves).

13. It therefore seems questionable how far it would be feasible for the Government to implement improvements by, in effect, coercion if attempts at persuasion and co-operation continued to fail. Legislation may well have a part in this, but is unlikely to be effective, as the Education Secretary argues, in the absence of goodwill. Teachers' confidence must therefore be regained. The issue is how to do this.

14. The Education Secretary raises again the possibility of an inquiry or a consultation document as a precursor to legislation. Although the Group rejected the idea of an inquiry decisively in December, you will no doubt wish to hear the Education Secretary's views again. The risks of an enquiry, however, remain as significant as they did then. But without an inquiry, the Education Secretary sees no prospect of finding a solution by consent. In his personal minute to you of 13 January (not copied to any other members of the Group) he sets out five radical options which



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might be considered. These are - credit vouchers, central control, separately elected education authorities, selected direct funding, and more assisted places. The first and last two hardly seem relevant to the present dispute: and central control would, of course, have profound implications for the whole of the Government's policy towards local authorities (it would, for example, largely render the shire counties redundant). All the ideas seem likely to be resisted by the teachers' unions, since none has any particular attractions for teachers as individuals. However, the possibility of centralisation cannot be ruled out altogether; nor the proposal in paragraph 10 of the note by officials attached to MISC 122(86)3 of a independent statutory body which would take responsibility out of the hands of local authorities and Teacher Unions.

15. If the Group decide that any of these possibilities should be pursued further, the fact must still be faced that the Government's determination not to finance an expensive and unconditional settlement appears to be being matched by a determination on the teachers' part to press what they see as their fair demands, with serious and increasing damage to education in schools and inevitably to society more widely. The Government have so far offered in effect to accept an 8 per cent increase in the Teachers' Pay Bill over 4 years, in order to provide more opportunities for promotion. The teachers have insisted that this is not enough, and no way seems to be in sight of reconciling the overall public expenditure constraints with the achievement of the Government's education policy objectives. The fundamental issue, therefore, is whether, as an accompaniment to whatever structural or institutional changes it may wish to seek to impose, the Government will be willing to relax those constraints, and if so, how, when and to what extent. If an initiative is to be taken, it would need to be taken fairly quickly, as soon as any window appeared in the form of a settlement for the current year coupled with the suspension of the present action. MISC 122, supported by my Official Group, might therefore be commissioned to examine the possibilities again urgently in the light of the Group's conclusions.



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Industrial Relations Law

16. The Group will also need to consider the adequacy of present industrial relations law to counter the teachers' disruptive action. The Paymaster General concludes that the major problem is the unwillingness of employers to exercise the sanctions which are already available to them and suggests four new powers which might help improve the situation. The first two, the use of specific grants and the clarification of the statutory duties of LEAs are essentially matters of education policy, while the proposals to reinforce parents' rights against LEAs and to remove immunity for industrial action in breach of LEA's statutory duties involve wider industrial relations issues. The Government could hardly reduce the rights of teachers to strike without doing the same for even more essential industries such as power or water supply. If the Group sees merit in exploring these avenues further, the Paymaster General might be commissioned to do so in preparing his Green Paper on industrial relations law due to be published in the early summer.

HANDLING

17. You will wish to invite the Education Secretary to open the meeting with his latest assessment of the current position. The Scottish Secretary will wish to report on the situation in Scotland. You will then wish to discuss the stance which the Government should take in the short term, while the ACAS discussions continue, before moving on to the issues raised in the Education Secretary's paper on possible new legislation. You will wish to ask the Paymaster General to comment on the industrial relations law aspects. The Lord President of the Council and other members of the Group will wish to comment. Finally, you will want to consider what steps can be taken to secure greater publicity for the Government's position.



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CONCLUSION

18. You will wish to reach decisions:

- (i) on the stance which the Government should adopt while the ACAS discussions continue, particularly if this seems likely to give rise to an inquiry on terms unsatisfactory to the Government;
- (ii) on possible further work on the options open to the Government in the light of the discussion;
- (iii) on the scope for changes in industrial relations law or practice which could help the situation;
- (iv) on the public presentation of the Government's position in relation to the developing situation.

J B UNWIN

Cabinet Office

21 January 1986

PRIME MINISTER

21 January 1986

TEACHERS' PAY

Although the current round of ACAS talks may not be conclusive, the majority of teachers' unions seem to be edging towards a settlement of the 1985-86 dispute. Once this is achieved, the NUT will find it difficult to remain out in the cold.

ACAS have proposed their own "Inquiry", but in reality this amounts to nothing more than Burnham-type negotiations against an agreed agenda with conciliators present. The conciliation panel would do no more than "guide, advise, and assist" but would not be able to recommend or decide on the issues themselves.

DES are surely wrong to think this worse than a formal Government Inquiry. It would not bind the Government in the same way, and the outcome would be entirely under the control of the teachers' employers. It may not be wholly desirable, but certainly doesn't warrant a pre-emptive trumping by a Government Inquiry.

But the DES believe that whatever happens in 1985-86, the underlying dispute will go on. They therefore conclude, regardless of the ACAS talks, that they should launch a Government Inquiry quickly. This overlooks the fact that any intimation of such an Inquiry will sabotage a settlement of the 1985-86 claim. Whatever the Inquiry's terms of reference,

the unions will want to use it as a means of extracting still better pay for 1985-86, starting from the new baseline created by the ACAS talks.

We continue to believe a Government Inquiry will be extremely expensive and have damaging repercussions for other public sector pay. It will undermine confidence in the City, pushing up interest rates and weakening sterling. Above all, it may fail in its primary objective of winning round the teachers and the public: the NUT have proved adept at winning the propaganda battle, even in the face of generous offers from government.

If an Inquiry is nevertheless unavoidable, then the right course must be to delay it until a 1985-86 pay settlement has been achieved. The teachers' unions are in turmoil, and the pressure for immediate government action is less than it has been for some time.

If such an Inquiry were launched in the interval between the settling of the 1985-86 pay dispute and the start of the 1986-87 negotiations, the teachers' unions would be in a weak position. The promise of the Inquiry might make it difficult for them to begin a new dispute in 1986-87. It might then also be possible to limit the Inquiry to the terms and conditions of employment of teachers, but not their pay.

Consideration could also be given to making it an internal Inquiry along the lines of Norman Fowler's Benefit Reviews.

This should help keep the costs under control, but the unions won't like it.

We recommend that:

1. Government should do absolutely nothing until the current ACAS talks have had a chance to bear fruit.
2. If the ACAS talks lead to their own "Inquiry" then this should be allowed to proceed, but with the Government making clear that nothing more than the £1,250m already offered will be made available and subject to the same conditions.
3. Pressure should be put on the LEAs to exercise their existing powers against the teacher's unions and the teachers themselves, but no new legislation should be proposed for the moment.
4. All Ministers should help in the propaganda battle, as the DES minute recommends.
5. A Government Inquiry should be avoided, but if this proves impossible, then:
 - a. it should only be launched after this year's dispute is settled;

- b. it should look only at terms and conditions of service;
- c. consideration should be given to making it an internal Inquiry; and
- d. because of the danger of a decision leaking and sabotaging the current pay negotiations, no action should be taken to implement such a decision at present.

Peter Warry

PETER WARRY

CONFIDENTIAL File



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

TEACHERS PAY

I have shown the Prime Minister your minute of 17 January in which you ask about the Home Secretary's attendance at MISC 122. You were inclined to recommend against the Home Secretary becoming a member of the MISC on the assumption that there would be a discussion in Cabinet in due course.

The Prime Minister agrees with your recommendation that Mr. Hurd should not join MISC 122 and that teachers pay should come to Cabinet in due course.

N. L. WICKS

21 January 1986

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Prime Minister

Content for PM

Ref. A086/185

MR WICKS

Yes not

Hurd not to join

MISC 122 on the

assumption Teachers

Teachers' Pay

Pay will come to

attaches

At Cabinet on 16 January the Home Secretary said that he thought that teachers' pay was such a major issue for the ^{Cabinet?} Government that he hoped that Cabinet would be given an ^{N.C.U.} opportunity to discuss it. The Prime Minister indicated that it ^{20.1} would be discussed in MISC 122, and would come to Cabinet thereafter. The minutes record accordingly.

2. The Prime Minister also suggested that the Home Secretary should be invited to join MISC 122, on the ground that the Home Office was one of the Departments concerned with local authority matters and finance. Mr Hurd did not appear to be pressing for this, and the Home Office does not have a direct departmental interest in teachers' pay. It is in any case rather late on in the deliberations of MISC 122 to introduce another member; we are adding the Secretary of State for Employment, but of course the Paymaster General has also been a member for some time.

3. For these reasons, and on the assumption that there will be a discussion in Cabinet in due course, I am inclined to recommend against inviting the Home Secretary to be a member of MISC 122 at this stage. But I will of course do so, if the Prime Minister thinks that there are strong political reasons for doing so.

RA

ROBERT ARMSTRONG

17 January 1986

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PERSONAL AND CONFIDENTIAL

Prime Minister

MR NORGROVE

This is a personal note by
Mr Wiggins.

DES
17/1

David - we must discuss with
Mr Wiggins how to deal with this

TEACHERS' PAY DISPUTE

I undertook to consider whether there might be a way forward in dealing with the teachers' pay situation different from those hitherto put before Ministers.

2. With much diffidence I attach a note on this subject. It is written from a frankly educational standpoint, and draws on informal conversations with teachers, headteachers and LEA officials (but not DES or Treasury officials). No doubt it is substantially influenced by the views and experience of the distinctly conservative and traditionally-minded teacher about which I hear most frequently - but the conclusions are mine and have not been suggested to me by any of my informants.

JW

A J WIGGINS
Economic Secretariat.
Cabinet Office.
16 January 1986

Mr Wiggins - I am

most grateful for the
thought and perception which

Attachment:

has gone into this confidential
note - where analysis and perception
must be considered. Thank you very much
rob

PERSONAL AND CONFIDENTIAL



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THE SITUATION IN SCHOOLS

This note attempts to summarise the present position in relation to education in schools from the standpoints of assistant teachers, head teachers and local education authority (LEA) administrators. After a background section, it sets out some of the factors which have contributed to the present teachers' pay dispute; it then suggests what the preconditions might be for a marked improvement in the performance of schools, and how the Government might pursue this.

BACKGROUND

2. Any analysis of the situation in schools must take account of the following underlying facts and constraints.

(i) Local Politics

Schools account for up to two thirds of the expenditure of eachshire county authority. The education service is perceived by councillors and electorate as the most important county authority responsibility, and how that responsibility is discharged in detail commands intense local interest. The successful delivery of education depends fundamentally on local consent, particularly where it comes to the management of change. (Nevertheless change frequently has been, and is being mismanaged.)

(ii) The Challenge of Change

Changes in social habits, in the demands of the economy, and in the numbers of children in schools, have all require major adaptations by the education service. Children now pose more serious problems of behaviour; teachers have to develop new syllabuses and new methods of teaching, in the light of increasing emphasis given to meeting the needs of the less able and to alternatives to traditional academic subjects and methods; changes in



the pattern and number of pupils (the present problem of falling rolls, a trend which will be reversed in the 1990s) have meant that school communities have frequently been uncertain whether they have any long-term future. New rights for parents and children (parental choice of schools, obligations on LEAs to meet "special" needs) have placed a heavy burden on schools and LEA administrators (and given rise to much expensive litigation).

(iii) Resources

LEAs and schools seem generally to perceive themselves as having been subject to a progressively increasing squeeze on resources over the last 10-15 years. Resources to maintain buildings, provide books and equipment and employ teachers of minority subjects have all been progressively squeezed. With the contraction of the system teachers' career and promotion prospects have deteriorated. So they see themselves as already under heavy pressure before attempting to respond to the challenge of change. For the most part no additional resources have been provided to meet the challenge; and where they have (as in the TVEI) the incidence is widely seen as arbitrary and inequitable - and it is known that money and resources are not available to provide comparable benefits throughout the rest of the schools system. On a rather different point, the operation of restrictions on local authorities' use of capital receipts may prevent LEAs who could realise assets and make savings by concentrating on fewer sites from actually achieving this.

(iv) Responsibility and Communications

Responsibility is widely diffused through the system, and is a source of a good deal of uncertainty; and the chains of communication from DES through LEAs to individual schools are long and unreliable. There is inevitably tension between the tradition of academic independence, which emphasises the authority and responsibility of individual head teachers (and indeed assistant



teachers), and the needs of curriculum reform and school rationalisation. The ability of LEAs to deal with these problems depends on the quality and good sense of local politicians, LEA administrators, school governors and the teachers concerned; no general machinery is in operation to encourage or compel schools in particular localities to work together so as to make the best use of the resources they have available (for example, an individual headmaster may still arbitrarily discontinue the operation of a joint 6th form with a neighbouring school). As to DES, there seems to be a widespread feeling that the Department completely fails to recognise the constraints which militate against quick responses to its initiatives; and that all too often the Department fails to take account of elementary practicalities, eg on the timing of circulars to schools and LEAs in relation to the timing of Television programmes in preparation for the introduction of the new GCSE.

(v) Teachers' Duties

Teachers' duties have never been specified with any precision. Traditionally, good teachers have done whatever they and their schools felt would contribute effectively to the educational and cultural enrichment of their pupils. Many activities (sport, drama, music etc) have been undertaken by teachers which no-one would ever have said represented "duties" but were nonetheless undertaken willingly and as a matter of professional pride. It is most unlikely that schools could function in the way everyone wants if teachers generally are induced to adopt a "working to rule" approach in response to their heads and LEAs.

(vi) Separateness of Education

Despite their importance to all children, and in terms of local politics, schools have had only very mixed and limited success in securing the support and involvement of the local communities they serve. Industry and



commerce generally remain reluctant to contribute, whether in terms of equipment, people to undertake specialist teaching, or work experience for the children; and they have been very slow to give any indication whether the schools were training people to develop the knowledge and skills they needed.

FACTORS UNDERLYING THE CURRENT DISPUTE

3. The present dispute is focussed on the demand of the main teacher unions for a one-third increase in pay. In fact it expresses a much wider unease and discontent on the part of teachers. The following are some of the ingredients in this: they all interact with each other.

(i) Public Esteem

There seems to be a widespread perception among teachers that their profession no longer commands the respect it had ten, twenty or thirty years ago. In part this is a reflection of their resentment about current salary levels, etc; but it also reflects their perception of the Government's attitude towards them, as well as their feeling that they can no longer expect the help and support of parents and of the wider community.

(ii) Uncertainty and Poor Career Prospects

Falling rolls, school reorganisation and the contractorisation of ancillary services all inevitably undermine the confidence of any school community, since there is no assurance that community will survive in its present form. In these circumstances teachers in middle life with a fair amount of experience feel themselves in a cul-de-sac with no possibility of improvement/promotion. LEAs do not appear to be equipped to manage this situation; and the steady reduction in the number of "scale points" each school has at its disposal when its rolls are declining adds to the problem. (Schools seem to be unanimous in pointing to the difficulty of reducing costs as pupil numbers decline; unless whole subjects



can be dispensed with, whole classes eliminated, and whole buildings shut, the result is simply increases in costs per pupil. With trends in numbers reversing from 1990 onwards, the scope for major savings through school closure/rationalisation must now be shrinking rapidly.)

(iii) Curriculum and Examination Reform

The need for and advantages of the Government's - overdue - efforts to improve the curriculum and reform the examination structure are well understood by many teachers. But they are reluctant to undertake the additional burdens when they see themselves as put upon by the rest of society; when the strains on schools resources already deprive them of free periods/preparation time which they could reasonably expect (ie because of demands to cover for absent colleagues); and when LEAs adopt policies which effectively rule out any availability of in-service training.

(iv) Teachers' Duties and Lunch-Time Supervision

Teachers' perception of the value placed on them by the rest of the community, and the pressure on them to accomodate change, have created fertile ground for the development of a "work to rule" attitude. The most obvious element in this is lunch-time supervision, which has been at any rate tacitly accepted as not part of a teacher's 'duties' since the late 1960s; but until recently enough teachers have been ready to supervise lunch-time voluntarily to enable schools to function satisfactorily. Now the industrial action has undermined this willingness, and teachers generally have been increasingly unwilling to cover for absent colleagues. In addition to periodic, and sometimes "guerilla-style" strike action (at minimal cost to themselves), the action has also resulted in the disappearance of many out of hours activities (sport, music, etc). The results of the Government's initiative in offering



separate payment for lunch-time supervision have not yet become generally clear; but in secondary schools at any rate it seems unlikely that adults casually employed could have the respect, authority and knowledge of the children necessary to be effective.* The alternative is to make extra payments to teachers: but the maximum hourly rate on offer (£4-5 an hour) is well below what is paid for teachers' other work, and schools would remain vulnerable to this form of action if teachers decided in future to repeat their present action (the pain of doing without the supervision money (net of tax and NI contributions) would not be very great.

(v) Trade Union Activity

For all sorts of historical and political reasons, trade union activity in schools is now severely damaging to the educational process. The development of the three main unions in the primary (NUT), secondary modern (NAS/UWT) and grammar (AMMA) streams was a natural evolution; but now that the school system has been brought together at secondary level, the competition between the two largest unions in flexing their muscles against the employer in the context of pay bargaining only creates difficulty. The fact that some LEAs take sides politically with the unions, and acquiesce in a situation in which management and professional standards in schools have been abandoned in the face of union activity, simply compounds the problem. As long as the unions retain their present pay bargaining role, and continue to have at their disposal their present weapons of disruption, the whole system will remain extremely vulnerable.

* In one school, students from the adjoining poly are said to have been employed by the headteacher under the Government's new scheme, with the remit to ensure that the children are kept out of the buildings during lunch-time.



4. On pay, the case of the main trade unions is essentially that teachers' average earnings in 1974 (post Houghton) were 33 per cent above male average earnings, and in 1984 were slightly below average earnings. Therefore a pay increase of a third is required. More sophisticated arguments may be constructed comparing teachers' pay with that in other professions and occupations; and much resentment is created by quoting particular comparisons, like the fact that ~~each~~ earnings of police inspectors have increased $3\frac{1}{2}$ times since 1974, while those of teachers have little more than doubled. There is, of course, no universally correct basis comparison, and the selection of 1974 as base year is bound to bias any figures towards answers which would justify large pay increases for teachers now. Considerations of recruitment and retention cannot, however, be dismissed. Much "dead wood" among teachers over 50 has already been eliminated; the signs are that the teachers leaving the profession now are exactly these it is most important to retain - those with the personal qualities and enterprise which will sustain them in other occupations, and those with qualifications, notably in maths, physics, computing, technical skills, etc which are most in demand in the context of curriculum reform, but which are equally in demand from the rest of the economy. It is said, moreover, that only 75 per cent of the (reduced) number of places for students undertaking the postgraduate certificate of education are currently filled, and there is some anecdotal evidence that the quality of applicants is declining. On present trends severe problems are in store for the 1990s when the recovery in pupil numbers and retirements among present teachers will require an unusually large proportion of new graduates to enter the profession.

NECESSARY CONDITIONS FOR IMPROVEMENT

5. So much for the diagnosis: what has to be changed to improve the situation?

- (a) The Climate of Opinion must be changed. Teachers - provided they can earn it - must have more assurance of



the approval and support of the rest of the community. They must have some recognition of the much increased difficulty of the job they do. Schools and teachers must be helped to rebuild their own self-confidence in the work they are doing. The Government's policy towards educational standards and curriculum reform already recognises the need for this; but for whatever reason the tone of the Government's pronouncements has not got the message across.

(b) The quality and management of the profession must be improved. The need for some restructuring of the profession is already generally recognised, and this has to be achieved in a way which makes it possible to recruit and retain teachers with the ability and other qualities needed to secure the Government's objectives. LEAs and headteachers must institute arrangements for teacher management and career development in which the bulk of the profession can have confidence. Everyone must see that commitment (beyond the letter of any list of teachers' duties) and good performance will be rewarded.

(c) Stability must be re-established, and the value of achievement, whether in traditional academic disciplines or in new types of study, must be reasserted. This will not easily be accepted by those LEAs and educational theorists who have been so concerned to avoid labelling any children as failures that they have at the same time discarded the whole idea of achievement and success.

A POSSIBLE NEW APPROACH

6. There is a fair prospect that a staged settlement on teachers' pay for the current financial year will finally be reached within the next few weeks, whether by conciliation or arbitration, providing for increases of about 8 per cent to come into effect by the end of March. This will give an uncomfortable boost to wage inflation, and will of itself



do nothing to help the Government achieve "better schools". It may, however, give LEAs and headteachers some breathing space to reassert a measure of managerial authority - a process the Government should encourage, although great care will be needed in any public statements to avoid provoking the wrong response.

7. What positive steps should the Government then take to head off a resumption of the present industrial action in support of a pay demand which would probably still exceed 30 per cent? The Education Secretary's latest paper contemplates two alternative approaches:

(a) a wide-ranging inquiry into teachers' pay, management and duties which would pave the way for new legislation on teachers' contracts, management and appraisal, and negotiating machinery, or

(b) the issue of a consultative document, to be followed directly, and as quickly as possible, by the Government's own legislative proposals on these issues.

It has been recognised, however, that neither of these approaches can be relied on to prevent action of the present kind, and that the present dispute cannot be solved by Government legislation in any sort of reasonable timescale, if at all. It is the contention of this paper that neither of these approaches should be followed, at any rate in the form hitherto contemplated, for the following reasons:

(i) an inquiry would delay any remedial action but tell us little that we do not already know, and would probably just confirm the broad diagnosis in the first half of the paper;

(ii) the pursuit of precision and exhaustiveness in the specification of teachers' duties will lead either to the loss of many activities which cannot be imposed as duties or to high costs in overtime payments (as further education teachers have apparently already



secured) for any functions outside contractual duties undertaken outside school hours;

(iii) schools are institutions which can only function effectively with the general consent of both the teachers and the local communities. This would still be true even if the present LEAs were replaced by a "National Education Service";

(iv) as long as the present trade union structure remains, any collective bargaining arrangements, whatever their institutional structure, are likely to give rise to confrontation of the present kind, unless the unions' salary ambitions are fully satisfied. The lessons of the present action, and the irremediable weakness of the management position in response to it, will not be quickly forgotten.

8. Against this background, this paper recommends the following approach to the pay and management of teachers.

(a) Teachers should be treated as members of a profession with strong social responsibilities. Their duties should be broadly defined as including everything which contributes to the education of the children in their charge, and the sanction to secure good performance should be an appraisal system which would be the pre-condition for salary and professional advancement. No attempt should be made to give further precision or enhanced legal effect to the list of duties the Government have already promulgated.

(b) A standing Review Body should be established with a remit to set up a career structure and pay scales which will make possible the recruitment and retention of the teaching force the Government's policy objectives require. As well as a new career structure on the lines of the proposals made by the



employers last September, this would make possible consideration of special salary scales for shortage subjects, etc. If successful, it would largely eliminate the NUT/NAS power to make mischief.

(c) Legislation would be needed to give effect both to the appraisal system and to the new system for pay determination.

(d) LEAs and schools should be made more clearly accountable for the education they are delivering and for the results they secure. Schools should be obliged to publish the results of their pupils in public examinations, together with an indication of the proportion of pupils in each ability band. Similarly teachers' performance evaluations should take into account their effectiveness in achieving levels of performance in examinations appropriate to the ability ranges of the children concerned.

(e) The opportunity of Industry Year 1986 should be taken once more to challenge industry and commerce in each local authority area to review what they can contribute to the quality and effectiveness of education in their areas.

(f) The DES should review its relations with LEAs, and the allocation of its resources (notably those of HM Inspectors of Schools) in seeking to influence and improve the quality of education in schools. In the absence of any alternative instrument, HMI would need to play a major part in developing the accountability of local education provision and in establishing a new system of professional management of teachers. They would also need to establish a sensible division of labour with LEA inspectorates (in which schools characteristically have little confidence). The guiding principle for DES should be to ensure that all its links with LEAs take account of the way schools are organised and of the



constraints under which the authorities operate; it is essential to improve the confidence of schools and LEAs in the communications they in their turn receive from local and central Government.

COST

9. It is impossible in advance to specify what the costs of following a policy on these lines might be; that would depend on the membership of the proposed Review Body, and on the findings of its investigations. The facts on comparative earnings remain to be established, as does any assessment of the kind of career structure and prospects needed to attract and retain teachers of the necessary quality. It would almost certainly be realistic to consider that the overall cost will substantially exceed the 8-10 per cent of the salary bill so far offered by the Government (£1.25 billion over 4 years); and that some relaxation will have to be made, for the benefit of education, in central Government financial constraints on local authorities (present arrangements impose the strongest pressures against authorities which have historically been relatively low spenders). It should nevertheless be possible to avoid across the board increases of one-third or more on the lines sought by the NUT and NAS. The problem would remain of the possible repercussions: would concessions made to the teachers inevitably spread to other local authority employees, or indeed to central Government employees not already covered by Review Bodies? The answer in part depends on political will: the teachers have quite a strong case both in political and social terms (from the standpoint of the public interest in the quality of education) and in economic terms (from the standpoint of the need to recruit and retain teachers of adequate quality). In terms of the difficulty of reducing their duties to an exhaustive list, and of the need to maintain - and indeed improve - their professional commitment to the interests of the children in their charge, teachers are undoubtedly in a position more akin to that of doctors and nurses than they are to white collar office workers in central or local Government. No doubt the



the performance of many of them is unsatisfactory; but professional and public support for demands to improve that performance is unlikely to be forthcoming unless the special case of professional status is at least partially recognised. Failing that, the outlook must be for present discontents to continue indefinitely.

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PRIME MINISTER

TEACHERS' PAY AND DUTIES

I refer to my paper Misc 122(86)3 which we are to discuss on Wednesday.

2. In paragraph 8 of that paper, I refer to the radical alternatives to the maintained system in its present form. No one of them would solve the present disruption because the mere announcement would probably unite LEAs and teachers passionately against us, and we should not assume that a prolongation of the teachers' dispute would make it easier to introduce such changes. The possibilities would be incompatible with our local government Green Paper and any scheme would take several months to work out in detail and several years to implement.

3. Even so, I believe that we should now do more exploratory work on these options. We may want to consider at least some mention of the alternatives to the 1944 Act in our election manifesto. At present we do not have a secure basis for doing so.

4. A very restricted group of DES officials are already working on some of the radical options. I propose, if you agree, that we should now pull this work together and write you a paper defining each of the options with more precision and setting out the case for adopting it.

5. The list of options will I am sure change as the work proceeds. But, as of today, it seems to me that the most promising are the following:-

(i) Credits (vouchers as was). In 1983 we had got a fair way towards defining a scheme involving a preliminary experiment in a few volunteer authorities. I should like to consider the possibility of dropping the experimental approach and announcing in the manifesto that credits would be introduced universally after an appointed day.

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CMO

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PERSONAL

CMO

(ii) Centralisation. This would involve legislating to remove the schools and the teachers from the local authorities and to establish a national system entirely financed by the central taxpayer. Some will argue that it fits ill with our Party's philosophy; but I understand that the Chancellor sees attraction in it as a way of removing local authorities from the decision-making process.

(iii) Separately elected education authorities. I can see a case for this provided that it were combined with strict limitations on the ability of the education authorities to raise revenue themselves and strict conditions applying to Government grant (which should be paid direct to the authorities from this Department and not via the DOE).

(iv) Direct funding of schools. The three options listed above would transform the arrangements for financing all schools. This one and (v) below would be means of providing alternatives to the maintained system in some areas. I have sent you separately a paper describing a very small pilot scheme for primary schools.

(v) A massive increase in the assisted places scheme. If sufficient extra funds were available, we could make it worthwhile for existing independent schools to expand and for new ones to be created.

6. Any of these schemes would be likely to cost money. (iv) and (v) would be extras and I see little scope for cutting funds to the maintained system to offset the cost. Any of (i) - (iii) would run into a great deal of opposition from, in particular, the local authorities and the teachers. To secure enough political support it would be necessary to persuade the public that any change, as well as increasing choice and responsibility, would mean that all children would stand to get higher quality education.

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7. I am copying this minute to Sir Robert Armstrong, but not more widely at this stage because of the sensitivity of what I have said. I am sure that you will agree that nothing should be said in public before we know what we intend to do.

KJ.

KJ

Department of Education and Science

13 January 1986

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PERSONAL

CMO

CCB1



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon Viscount Whitelaw PC CH MC
Lord President of the Council
68 Whitehall
London SW1

6 January 1986

*See letter**ms*

TEACHERS' PAY DISPUTE IN ENGLAND AND WALES

You might like to see the attached copy of a letter I have sent today to Conservative Members of Parliament setting out developments in the teachers' dispute and explaining the Government's position.

I am sending copies of this to all Cabinet colleagues and to Sir Robert Armstrong.

*See letter -**Prime Minister 4**A good letter. See x in particular.**DRS
7/1*



HOUSE OF COMMONS
LONDON SW1A 0AA

To All Conservative MPs
House of Commons
London
SW1A 0AA

6 January 1986

We enter this new year with, I very much regret to say, no resolution to the long standing teachers' pay dispute.

Our first concern must be the education of the children, both now and in the future, which is why we need not just an end to the dispute, but a satisfactory long term settlement of teachers' pay, conditions and career structure.

The current position is still deadlock. The teachers' panel are meeting again on 7 January and the management panel on 8 January. Let us hope that some progress can be made. I attach to this letter a summary of the negotiations to date. From this you will see that:-

- i. The employers have moved considerably during 1985 from their first offer of 4%, and they are now offering yet again independent arbitration.
- ii. The teacher unions have been quite intransigent in pressing for a high pay claim with no clarification of their duties and no long term career restructuring. The NUT and NAS/UWT have now published extreme claims for 1986 before a 1985 settlement has been reached. They build expectations amongst teachers which cannot possibly be satisfied.
- iii. The Government has steadfastly refused to increase local authorities resources for a "no strings" 1985 settlement, but has offered a £1250 million increase over the next 4 years for an agreed reform package. The Government has now taken midday supervision out of the dispute, promoting separate local contracts for supervision.

Over the next few weeks I should be very grateful for your help in getting over the following 4 points:-

- X
1. Measured against the retail price index, the average salary of a teacher fell by about 6% in the 10 years 1974-1984. That decline took place largely between the years 1974 and 1979. It was a result of the 20% inflation which had been fuelled, at least in part, by comparability wage increases of the kind exemplified by Houghton. Between 1974 and 1979 teachers' average salaries fell, in real terms, by 14%. Under the Conservative Government, since 1979, their salaries have actually kept some 10% ahead of inflation.

2. The claim of "back to Houghton" is illogical and economic nonsense. There is no reason why pay relativities should be frozen at one particular time. If the teachers declare that 1974 is the correct reference point when they occupied their best position in the pay relativities league, then what is the likely response from other occupational groups? Clearly they, too, will want to return to their own best ever position in the league, which will be for each case in a different year. To grant such a right to one group of employees, without any strings, would lead to a perpetual leapfrog of pay bargaining and the return to the kind of inflation which this country had to endure in the 1970's. One person's relative pay increase is the next person's relative pay cut.

3. In referring to the Houghton and Clegg reports, the teachers' unions should remember the words of those reports as well as their figures:-

Houghton, paragraph 73, "We wish to stress that we believe the salary levels we recommend justify expectation of professional standards of performance in return."

Clegg, paragraph 86, "Throughout our assessment of the work of teachers we have taken into account the wide range of extra curricular activities which are part of the professional obligation of teachers to pupils, parents and schools."

4. Teachers and local education authorities have a duty towards the children in their charge; the pernicious disruption of children's education must stop. If the teachers resume such tactics in this new school term, then they can expect no sympathy at all from their employers, the public, and the Government.

Yours faithfully,
K. K. K.

TEACHERS' PAY DISPUTE IN ENGLAND AND WALES

1. The history of the 1985 negotiations is summarised in paragraphs 2 to 4 below. The current position is deadlock. No meeting of Burnham is planned but both the teachers' and the management panels are to meet separately on 7 & 8 January respectively to consider the informal exchanges which took place on 17 December. The unions continue to insist on a "no-strings" pay settlement for April 1985 at a level way above that which the employers can afford. On 17 December their leaders saw an end-loaded increase of 9.9% as sufficient to strike an "interim" deal. The employers ruled this out of court and invited the unions to reconsider the possibility of arbitration. This will be on the agenda at the early January meetings. As yet it is not clear on what basis the employers would be willing to see a reference to arbitration. At present arbitration is formally on offer at 5% but it is conceivable that this could be raised so that arbitration would be on the basis of what is now the "informal" offer made by the employers in October of an end-loaded 7.5% (see 2v below).

The employers

2. The employers have in the course of negotiations offered
- i. in January, 4% or arbitration
 - ii. in May, 5% or arbitration
 - iii. in July (informally), a phased deal worth 5.85% in the year, and 6.43% next year **conditional** on agreement on reforms
 - iv. on 12 September - and endorsed by Government - a package of pay improvements, pay/promotion structure reforms, and agreement on teachers' duties. Worth 5.85% in the year and 8.06% in 1986/87, these figures **conditional** on the reforms
 - v. on 14 October an informal and "absolutely final" offer - opposed by Government - of a "no-strings" pay rise worth 6.9% in the year and 7.5% by the year end and the suggestion of a Royal Commission into teachers' pay, pay structure, conditions and negotiating machinery.
 - vi. on 11 December repeated the suggestion of an independent inquiry and urged the repeal of the Remuneration of Teachers Act and the abolition of the Burnham machinery.
 - vii. on 17 December the employers' leaders (but not the full panel) refused to raise the 6.9%/7.5% offer and urged the teachers to reconsider arbitration.

The Unions

3. The unions, dominated until early December by the NUT (when the Secretary of State's reconstitution of the teachers' panel took final effect), have claimed

- i. from last November, a £1200 rise for all (worth 12.4%) as the first step towards restoring relative pay levels of 1974 (Houghton levels)
- ii. in July, a phased rise worth 6.9% in the year but **more than** 7.5% by the year end, plus a commitment to a phased return to Houghton levels, with no strings
- iii. on 15 October, in rejecting the increased offer, the teachers' panel re-affirmed its July position. NUT began to suggest that by "more than 7.5%" they meant something in the region of 10%; NAS/UWT hinted that they would settle for around 8%; AMMA said 9% would be needed.
- iv. on 5 December, the 5 smaller unions outvoted the NUT and asked for a resumption of negotiations for an "interim" 1985 pay deal. But the reconstituted panel also reaffirmed its commitment to restoring Houghton pay levels as its "prime strategic objective".
- v. on 17 December the union leaders (but not the panel) hit upon 9.9% as an acceptable figure for an end-loaded 1985 settlement [see the figures at iii. above to see the smaller unions' fears of being accused of a "sell-out by the larger NUT)].

The Government

4. The Government has all along sought reform of pay structure and conditions of service in return for pay rises beyond what the local authority employers could finance within RSG.

- a. in July 1984 the Secretary of State undertook to seek his colleagues' agreement to additional funding if the teachers and employers could strike an acceptable, negotiable and affordable bargain
- b. in May 1985 the Government offered additional resources in 1986/87 for an agreement on pay and reforms which would produce progress towards "Better Schools".
- c. in August the Government quantified the May offer - £200 million in 1986/87 rising to £450 million in 1989/90, within a total of £1250 million over those 4 years
- d. in September the Government-backed package of reforms was offered:
 - i. the creation of an extra 74,000 promotions, associated with a restructuring of pay scales, from September 1986;
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- new teachers start on £7,035 a year

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RT HON SIR KEITH JOSEPH BT MP



HOUSE OF COMMONS
LONDON SW1A 0AA

To All Conservative MPs
House of Commons
London
SW1A 0AA

6 January 1986

Dea Margaret.

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-



From the Secretary of State
With the Private Secretary's Compliments

cc Mark Addison ✓
Joan Macnaughton
Rachel Lomax
John Graham
Colin Williams

Rob Smith

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

3/1/86.

OPENING PARAGRAPHS OF SECRETARY OF STATE'S NORTH OF ENGLAND
SPEECH (EXTRACT ON TEACHERS' PAY) - SATURDAY 4 JANUARY

(To be checked against delivery)

1. My previous speeches to the North of England Conference have been devoted mainly to education in schools; and what I had to say, on education up to 16, especially at Sheffield 2 years ago, was developed and consolidated in the White Paper "Better Schools" published last March. Last year I cast my net more widely, to talk about teachers in all sectors of education, though still my emphasis was on the schools. This year my theme is education and training post-16 with the exception of higher education about which I have recently spoken to other audiences.

2. Before I come to that main theme I think it right to say a few words about the current and long standing school teachers' dispute.

3. I - as is well known - believe it is profoundly wrong that children's education should be damaged by a dispute of this kind. We all want to see the dispute settled very soon, the schools working normally, and the important developments in education on which there is so much agreement proceeding smoothly.

4. I am therefore glad that the teachers and management panels of the Burnham Committee are meeting next week. I hope that they will find a constructive way forward. It is important that the Government's position should be clearly understood both by the negotiators and also by teachers and parents throughout the country. The Government believes that the amount spent on teachers' pay needs to be increased in real terms if enough teachers of the right quality are to be recruited, retained and motivated to give of their best at all stages of their careers. That argument has been won. In particular the pay structure needs to be changed to provide more promotion opportunities to provide better rewards for leadership responsibilities, and to attract skills currently in short supply. The Government also recognises that the scope of teachers' work has developed and changed over the years and that we need a new and clearer definition of teachers' responsibilities.

5. That is why the Government has offered additional resources, totalling £1,250m over the 4 years 1986-87 to 1989-90, above what would normally be provided in the course of annual public expenditure planning and pay negotiations. That offer is conditional on sufficient progress being made towards a clear definition of the range of teachers' duties linked to their contracts of employment, and a pay structure meeting the needs I have described. Within the £1,250m envelope the Government has decided to make £10m available in 1985-86 and £40m available in 1986-87 to help meet the cost of providing midday supervision in schools separately from teachers' responsibilities. I must make it clear again that the Government is not willing to release any more of that £1,250m except on the conditions already stated, and that the Government is not willing to increase the resources available to local education authorities in 1985-86 to help meet the cost of any pay settlement. That is part of the background against which the negotiators have to work. The Government is simply not willing to buy peace while failing to promote the improvements in school education which are vital for our future.

6. I urge the local authority and teacher negotiators to seek a settlement of the dispute so that we can avoid further disruption of the schools and damage to children's education in 1986.

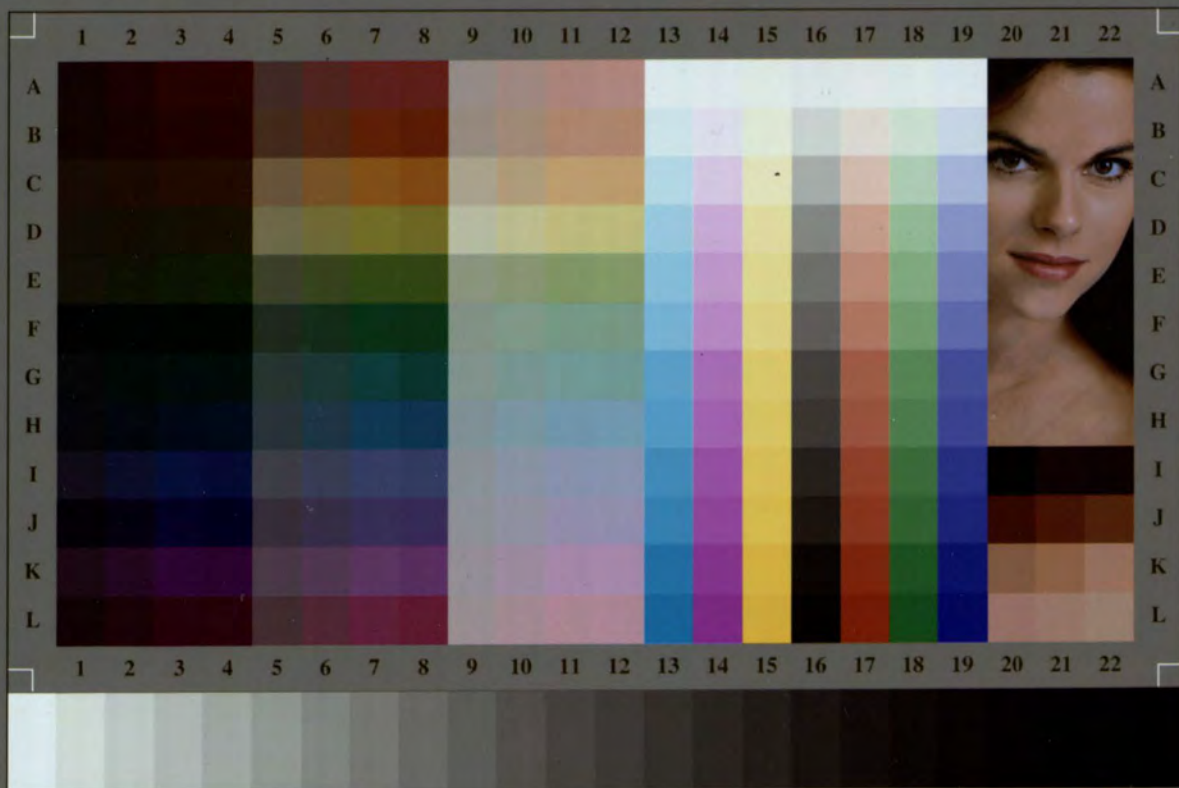
7. I turn now to my main theme.

 PART FIVE ends:-

DRN to PM 23.12.85

PART SIX begins:-

Extract of SS/DES Speech 4.1.86



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