

SECRET

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Teachers' Pay.

EDUCATION

Pt 1: May 1979.

Pt 7: April 1986.

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PREM 19/1731

PART 7 ends:-

COPY OF MAIN REPORT ULD

PART 8 begins:-

J.UNWIN to PM 10/10/86

Committee of Inquiry
 into the pay and conditions of
 service of school teachers in Scotland

Argyle House
 3 Lady Lawson Street
 Edinburgh EH3 9DR

Telephone 031-229 9191
 GTN 2661

Chairman
 Sir Peter Main

Secretary
 I W Gordon
 (Room J742, ext 5142)

1268/86

NOT FOR BROADCAST, PUBLICATION OR USE ON CLUB TAPES BEFORE 15.00 HOURS
 ON THURSDAY, OCTOBER 2, 1986

MAIN REPORT ON TEACHERS' PAY
 AND CONDITIONS OF SERVICE

Statement by Sir Peter Main, Chairman of the Committee of Inquiry into the Pay and
 Conditions of Schoolteachers in Scotland, on the publication of the Committee's report
 3 pm, Thursday, October 2, 1986:-

Six months ago, this inquiry was launched with a wide-ranging remit and an ambitious timetable to report by the end of the summer. Throughout that time, there has been public anxiety about the continuing dispute and we have been well seized of the need to report promptly. I am pleased therefore that we have been able to achieve our timetable; and I am most grateful to my colleagues on the Committee and to our Secretariat for their unstinting efforts throughout the summer.

This report offers the education system in Scotland an opportunity to make a fresh start after the stagnation and the disaffection of the past two years. Our terms of reference were deliberately framed to allow us to look beyond the immediate concerns of the pay dispute, important as they are, and we have taken full advantage of that freedom. This is a chance to put Scottish education back on the right road.

We have been much encouraged by what we have seen and heard over the past six months. Our visits to schools, our discussions with individual teachers and the progress that has been achieved with major educational reforms have convinced us that there are real grounds for optimism about the future of Scottish education. At the same time, we cannot

ignore the fact that morale within the profession is low, with teachers uncertain about their position in the community and about their future.

Our children are entitled to the best education that we can provide. In the final analysis, the quality of the education they receive will depend on the performance and the motivation of individual classroom teachers. It is important therefore that the self-confidence of teachers should be restored, and our report contains a number of proposals directed towards that objective.

We are quite convinced that a generous pay increase for teachers is justified. We have also proposed a reduction in the length of the basic scale so that in future all teachers can reach the top of the scale more quickly. In addition, there is now the prospect of further rewards in our proposal for a new grade of Senior Teacher. Our report also describes in some detail the full professional role of the teacher. We believe that many people are not aware of the extensive and demanding responsibilities now expected of teachers; and we hope that our description of the teachers' job will help to improve public understanding.

But teachers do not work in isolation. They have to act in co-operation with other teachers in a school and within a framework of objectives and policies laid down by the school or its education authority. We have therefore proposed a number of changes designed to reinforce the role of the profession in the management of schools.

Our recommendations will require substantial additional expenditure. If the taxpayers and ratepayers are to be asked to find this money, they have a right to some assurances that they will get value for money. We believe those assurances are available in our report, particularly in our proposals for enhancing the authority of the headteacher, for a greater commitment to quality staff development programmes, and to our commitment about the teachers' professional responsibilities, particularly as regards their partnership with parents.

What is needed now is a period of peace in our schools and a demonstration of public confidence in the teaching profession. Teaching should be a rewarding and satisfying profession and a respected occupation within the community. Our report addresses those objectives, and we hope that it will be accepted in full and implemented wholeheartedly.

NOTES TO EDITORS

1. The Government's decision to establish a Committee of Inquiry into the pay and conditions of service of schoolteachers in Scotland was announced in the House of Commons on March 6, 1986.

2. The Committee's terms of reference were:

"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".

3. Membership of the Committee was announced on March 26.

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

Professor Christopher Blake, FRSE, Bonar Professor of Applied Economics, University of Dundee; Chairman William Low and Co plc.

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

James S Gordon, CBE, Managing Director, Radio Clyde, Member of Scottish Development Agency.

Robert G E Peggie, CBE, Commissioner for Local Administration in Scotland.

The Secretariat of the Inquiry was provided by the Scottish Office.

4. The Committee first met on April 14, following which it issued a general invitation to submit written evidence. Four hundred and thirty submissions were received from individuals or groups of teachers and parents (including 43 parent teacher associations) by May 16. Forty-six submissions were received from national bodies. In addition, the Committee took oral evidence from 12 bodies (listed in the report). Members of the Committee visited 9 schools and one college of education. The Committee met on 21 days.

5. The Committee's principal recommendations are:

Pay

- (a) a radical simplification of the existing pay structure designed to make the structure more flexible, to improve prospects for career earnings, and to provide continuing incentives for good classroom teachers;
- (b) the introduction of a new grade of Senior Teacher for good classroom teachers in primary, secondary and special schools (pay £14,500);
- (c) a pay increase, averaging 16.4% against the pay levels currently applying, to be paid from October 1, 1986 until March 31, 1988, and conditional on acceptance by all sides of the central recommendations of the report;
- (d) replacement of the SJNC (SE) by an independent review body to report on the pay and conditions of school teachers first by April 1988 and thereafter biennially;

Conditions

- (e) clarification of the professional role of the teacher in the Scheme of Conditions of Service;
- (f) a review of staffing levels in primary, secondary and special schools;
- (g) the adoption of a notional standard working week (35 hours) for all planning purposes and to assess staffing implications of new educational developments;
- (h) changes in the teachers' working week, including the provision of time for programmed activities at the direction of school management;

Managoment

- (i) an enhancement of the authority of the Hoadteacher, particularly in the selection and appointment of staff;
- (j) a review by SED of the role of school councils and a re-establishment of the partnership between parent and teacher.
6. Details of the Committtce's recommended pay levels are appended.

RECOMMENDED PAY LEVELS

(with effect from October 1, 1986 until March 31, 1988)

1. Basic Scale

Point	Pay (£)
10 (maximum: secondary and special)	12,900
9 (maximum: primary and nursery)	12,500
8	12,000
7	11,400
6	10,800
5	10,000
4	9,200
3	8,500
2	8,200
1	7,900
0	7,600

Note: Point 0 retained temporarily for primary teachers with diploma in primary education.

2. Promoted Staff (primary and nursery schools)

	School Size	Pay Level (£)
(a) Headteacher	551 +	20,700
	351 - 550	19,400
	151 - 350	18,000
	51 - 150	16,800
(b) Deputy Headteacher	Up to 50	16,000
	551 +	16,300
(c) Assistant Headteacher (all schools)	351 - 550	15,800
(d) Senior Teacher		15,500
		14,500

3. Promoted staff (secondary schools)

	School Roll	Pay Level (£)
(a) Headteacher	1301 +	28,500
	801 - 1300	26,600
	301 - 800	23,900
	181 - 300	20,000
(b) Deputy Headteacher	Up to 180	18,000
	1301 +	21,000
	801 - 1300	20,000
	301 - 800	19,000
(c) Assistant Headteacher (all schools)	181 - 300	18,000
	Up to 180	16,500
(d) Principal Teacher		18,000
	Point	
	6	17,500
	5	17,000
	4	16,500
	3	16,000
	2	15,500
	1	15,000
(e) Assistant Principal Teacher	3	14,500
	2	14,100
	1	13,700
(f) Senior Teacher (all schools)		13,700
		14,500



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SCOTTISH OFFICE

NEWS RELEASE

1277/86

NOT FOR PUBLICATION, BROADCAST OR USE ON CLUB TAPES BEFORE 15.00 HOURS
ON THURSDAY, OCTOBER 2, 1986

SECRETARY OF STATE COMMENTS ON PUBLICATION OF MAIN COMMITTEE REPORT

The Rt Hon Malcolm Rifkind QC, MP, Secretary of State for Scotland, today commented on the publication of the Report of the Main Committee into teachers' pay and conditions of service as follows:-

"Sir Peter Main and his colleagues were given a wide remit and were asked to work very quickly. I congratulate them on the thoroughness with which they have tackled their onerous task and for the speed with which they have produced such a wide ranging and comprehensive report.

"When I announced the establishment of the Committee in March I made it clear that we would wish to study its recommendations - and the reactions of the teachers' unions and employers to the report as a whole - before reaching any decisions.

"The Government will now give the Report close and urgent consideration, and I have urged the teachers and the employers to do likewise and to give me their reactions to the whole range of the Report's recommendations as soon as possible."

October 2, 1986

CCB/G.



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

David Norgrove Esq
10 Downing Street
LONDON SW1

30 September 1986

Dear David

at 11.45

TEACHERS' PAY: THE MAIN REPORT

Your letter of 25 September to Rob Smith records that my Secretary of State is to revise and re-circulate the draft statement which he is to make when the Main Report is published on 2 October.

I attach a revised draft on the lines discussed by Ministers and shall be glad to know as soon as possible whether the Prime Minister is content.

Copies go to Joan MacNaughton (Lord President's Office), Alex Allen (HM Treasury), Colin Williams (Welsh Office), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), John Turner (Department of Employment), Robin Young (Department of the Environment), Rob Smith (Department of Education and Science), Jill Rutter (Chief Secretary's Office, Treasury) and Michael Stark (Cabinet Office).

Yours sincerely

Andy Riffkind

MALCOLM RIFKIND

Approved by the Sols
and signed in his absence.

Prime Minister 1
The first paragraph goes over the top. Agree subject to the omission of "wholeheartedly"?
Dev
H/O.

DRAFT PRESS RELEASE FOR THE SECRETARY OF STATE

Sir Peter Main and his colleagues were given a wide remit and were asked to work very quickly. I congratulate them [wholeheartedly] on the thoroughness with which they have tackled their onerous task and for the speed with which they have produced such a wide ranging and comprehensive report.

When I announced the establishment of the Committee in March I made it clear that we would wish to study its recommendations - and the reactions of the teachers' unions and employers to the report as a whole - before reaching any decisions.

The Government will now give the Report close and urgent consideration, and I have urged the teachers and the employers to do likewise and to give me their reactions to the whole range of the Report's recommendations. [I shall take their views fully into account in giving my own detailed response to it.]

EDUCATION: Teacher pay pt 7.



7



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

PRIME MINISTER

MAIN REPORT

I regret that because I have to leave for Washington this afternoon, I cannot come to your meeting this afternoon; John McGregor will be representing the Treasury.

The meeting is primarily about City Technical Colleges, which as you know contain several elements in common with my own ideas. I had a meeting with Kenneth Baker this morning, and we will be producing a joint paper for you for a meeting after the Party Conference.

My reason for sending you a minute is because I am very disturbed by the draft statement attached to Malcolm Rifkind's note about the Main Report. It would be extremely damaging if we were to give the Report a favourable reception before we have ourselves had any chance to consider the implications. There are a number of points in it which worry me, but in particular it would be disastrous to have headlines saying that the Government is giving fair wind to an immediate 23 per cent pay increase - or anything remotely like it.

I believe we must discuss this in the context of the Coventry package for England, and also of public sector pay policy and public expenditure more generally. At this stage I feel very strongly that the Government must not do any more than note the report and say it is studying the conclusions urgently.

A handwritten signature in dark ink, appearing to be 'N.L.'.

N.L.

25 September 1986

FILE 10P
See Prof GriffithsSUBJECT cc MASTER
cc EDUCATION: Teachers Pay10 DOWNING STREET
LONDON SW1A 2AA

Meeting record

From the Private Secretary

25 September 1986

Dear Rob,

CITY TECHNOLOGICAL COLLEGES

The Prime Minister this afternoon held a meeting to discuss your Secretary of State's minute of 22 September which set out a proposal to establish City Technological Colleges. The handling of the Main Report was also discussed. Present with your Secretary of State were the Lord President, the Parliamentary Under Secretary of State for Wales, Chancellor of the Duchy of Lancaster, Secretary of State for Employment, Secretary of State for the Environment, Secretary of State for Scotland, Chief Secretary, Treasury, and Sir Robert Armstrong.

Introducing his proposal, your Secretary of State said there was immense concern about the quality of education, particularly in inner cities. Indeed, in some inner cities the education system had virtually broken down. City Technological Colleges were intended to make a start on putting this right. The Schools would contain 750-1,000 children with an age range of 11-18; they would be free, state-maintained, but independent of the local education authorities; they would have a broad curriculum but with a strong technical and practical element; they would encourage self-reliance and involve longer hours, shorter holidays and homework. They would be established in urban areas, mainly in inner cities. They would establish a way forward beyond the next Election, since they embodied three new principles: a direct link between the schools and the DES, per capita funding, and a centrally determined curriculum. New schools were inevitably hard to establish. It would take time to secure private sector involvement and it would not be easy to obtain premises. If an announcement were made soon, the aim would be to start the first school in the autumn of 1988. Financing had been agreed with the Chief Secretary. There would be savings in local education authority expenditure, but only in the medium to long-term. The intention would be to make a preliminary announcement at the Party Conference with a fuller explanatory document following in the next week.

The Chief Secretary stressed that his agreement with the Secretary of State for Education set maximum public expenditure figures for the next three years. Two factors

were particularly important: first, it would be vital to secure good and reliable private sector sponsors, and secondly, public expenditure should be set at the same level per capita as would have been provided by the local education authorities.

In discussion, the proposal was welcomed in the warmest terms by all those present. This was a most important and imaginative initiative and the schools would act as beacons helping to raise standards throughout our cities.

Points made in discussion were as follows:-

- (i) it was vital that the schools should be successful. It would be better to go for fewer schools if that would give them a greater chance of success;
- (ii) for the same reason, it would be best if the early schools were not to be set up in the worst areas. They should be set up in outer areas, drawing in children from inner city areas. Otherwise the balance would be tipped too much towards deprived children who would be more difficult. This would also help to attract better teachers. The schools could be described in more general terms as being designed "to serve the children of the cities";
- (iii) there was a risk that the proposal was designed to hit too many objectives, from improving technical education to helping deprived children. To put the early schools in better areas would reduce this risk;
- (iv) the proposal, as at present structured, would constrain the schools by too many central regulations. To impose too many regulations would increase the risk of legal challenge. There would be no possibility of legislation in the coming session to remove this risk;
- (v) it would be better if the schools were set up under the legislation which had governed direct grant schools;
- (vi) the proposed regulations were drawn too narrowly in a variety of ways: they should give more latitude on the catchment area, on the requirement for a balanced provision for boys and girls, and pupils should be selected both on the basis of their general aptitude and their ability to profit from the education which would be offered (paragraph 5 (ii) of the attachment to your Secretary of State's minute). It would be better also if there were no requirement that teachers should be qualified; it would be enough to require that they had previous teaching experience;

- (vii) in making the announcement the introduction of parental fees at a later date should not be precluded: the announcement might say that fee-paying would not be introduced before, say, the first five or six years. In the meantime, it would be important to maximise parental contributions through, for example, PTAs;
- (viii) the curriculum, although it had a more practical bent than existing schools, still seemed rather academic; it would be preferable for it to look more towards B.Tech and City and Guilds qualifications;
- (ix) it would be wrong at this stage to allow existing independent schools to join the scheme;
- (x) the establishment of a Technological College in Glasgow might be considered when some English schools were successfully under way.

Bringing this part of the discussion to a close, the Prime Minister warmly welcomed the initiative. This was a most important proposal which she might herself wish to promote in her speech at the Guildhall. Inviting the Secretary of State for Education to revise his proposal to reflect the points made in discussion, the Prime Minister urged in particular that early schools should be set up more towards the outer edges of city areas and that the schools should be less circumscribed by DES regulations. It would be better if the schools were brought in under direct grant legislation.

On other matters, your Secretary of State reported that the Committee of Vice Chancellors and Principals had agreed that it would now be desirable to work towards a mixed system of loans and grants for students. This was a substantial advance. He had himself given an undertaking that no university would close. This did not, however, rule out fundamental changes. It seemed unlikely that legislation to remove academic tenure would now be needed. He was in negotiation with Vice Chancellors, who were themselves now coming to recognise the need to phase out tenure.

The meeting then discussed the Main Report. The Secretary of State for Scotland said it was to be published on 2 October. It was in many respects excellent. The terms and conditions proposed for teachers conformed very closely to those the Government sought. However, there was an inevitable cost and the Report proposed an average increase for teachers of 16.4 per cent, in a deal structured over two years: teachers would not receive an increase in 1987/88. He expected that teachers would be hostile to the proposals on conditions and differentials and luke warm to the proposals on pay. The attitude the Government took when the Report was published would be important.

Points made in discussion were as follows:-

- (i) the proposed pay increases would cause great difficulty. The Main Report itself presented the increase as a rise of 22.8 per cent on a base line of March 1986;
- (ii) the Government had said that there should be no need for local authority rates to rise in real terms if local authorities were behaving efficiently and responsibly. The proposals on teachers pay could shatter this position and blame would need to be placed where it belonged, on local education authority negotiators. The more warmly the Government thanked the Main Committee for its work, the more closely it would be associated with the proposals. It would be vital to pin responsibility for the costs on those who made the settlement: otherwise there would be no constraint on them in future;
- (iii) the Government had made no commitment beyond the £1¹/₄ billion (which was in fact now a little over £1 billion after deduction of extra expenditure on meals supervision). Whether any extra sums should fall on ratepayers or taxpayers would need to be further discussed. It was suggested that if the Government made no commitment to provide extra money the settlements in both England and Wales and Scotland would collapse;
- (iv) the position on rate-capped authorities would need to be considered;
- (v) it would be important to consider the ACAS and Main outcomes together, and quickly. The Coventry agreement would become more expensive the longer the discussions between teachers and employers continued;
- (vi) enforceability remained a serious problem.

The Prime Minister invited the Secretary of State for Scotland to revise and re-circulate the draft statement circulated with his minute of 24 September. This should thank the Committee for their Report and say that the Government would study its conclusions urgently. The aim, if possible, should be to announce the Government's conclusions on both ACAS and Main before the House re-assembled, to avoid the build-up of pressure which would occur then. Delay would make the decisions no easier to take. The Prime Minister invited officials to prepare a note on the options available to Ministers. It would be particularly important to pay attention to any risks of legal challenge. The paper should be circulated well in advance and the Prime Minister urged her colleagues to consider it with the greatest care.

I am copying this letter to Joan MacNaughton (Lord President's Office), Alex Allan (H.M. Treasury), Colin Williams (Welsh Office), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), John Turner (Department of Employment), Robin Young (Department of the Environment), Robert Gordon (Scottish Office), Jill Rutter (Chief Secretary's Office, H.M. Treasury) and to Michael Stark (Cabinet Office).

Jan,

David.

DAVID NORGROVE

Rob Smith, Esq.,
Department of Education and Science.



Prime Minister

TEACHERS' PAY AND CONDITIONS : COMMITTEE OF INQUIRY REPORT

*A summary
is attached
to this
minute.*

I have today received the Report of Sir Peter Main's Committee. I attach a copy for you and the other recipients of this minute. The Report contains its own summary of recommendations, but my Department has also made a precis which I attach for greater convenience.

It is in most respects an excellent Report. It contains a good deal on the management of schools, with a welcome emphasis on the key role of the headteacher. On the more immediate issues the Committee have produced an analysis of teachers' professional duties which in all essentials matches that which we presented to them in evidence and at the same time should command general acceptance by individual teachers and the public. In addition they have declared unequivocally that these duties should now be made explicit and contractual by incorporation into national conditions of service. On the details of hours of work, class sizes etc they have proposed an ingenious reform of the present unsatisfactory national agreement which I believe the employers in Scotland will see as giving them the degree of management control of non-teaching time which they need, whilst the teachers will find it hard credibly to reject. Inevitably perhaps the Committee are critical of existing levels of educational provision for school staffing, books and equipment, lunch-time supervision etc. They do however give clear support to the contribution which can be made by a programme of school closures.

Their proposals on pay structure are very satisfactory; their pay recommendations are skewed towards headteachers and others who bear special responsibilities; and they propose a new grade of senior teacher, with promotion to the new grade competitive and offering higher status and reward to classroom teachers of proven ability.

The rates of pay which represent an average increase of 16.4% are considerably higher than we would have liked but are much what we had been led to expect. It is noteworthy however that they have in effect proposed a 2-year deal, with no further increase in 1987/88, tying in with their proposal for a biennial independent review from April 1988. The initial costs would be proportionately higher than those expected from the Coventry deal, but Coventry takes a long time to reach maturity and its long-term costs would be higher than those of Main.

Implementation of these pay recommendations - if accepted - will of course cost a good deal and, additional resources (beyond the £125m which we previously agreed to make available) will be unavoidable to cover the whole cost of the settlements. But the Main report itself makes it absolutely clear that the recommendations on duties, contracts, pay and

structure and negotiating machinery are to be taken as a single package. I believe this is right. It offers the teachers substantially less than they aspired to in pay terms and at the same time invites the unions to surrender their weapons (as they see it) by signing on for a contractual definition of duties. They will therefore be looking for an opportunity to unstitch the package. From our point of view however the report offers the prospect of a major reform. If we accept the report as a whole we have a chance of carrying the reform through, with the support of the employers and of public opinion. But if we were to show ourselves less than wholehearted in our endorsement of the package we shall give the teachers unions their opportunity and we shall lose the battle for public support. We have already agreed amongst ourselves that we must give an early response; it is essential to do so if we are to keep the initiative.

*Now or
early
response*

I have already let it be known that I shall wish to hear the responses of the employers and the teachers before giving a definitive Government response: but it is highly desirable that I should set the tone with a very clear and positive welcome on publication. I attach a draft of the statement I would propose to issue when the Report is published on 2 October: I should be grateful for clearance.

|| It might be desirable to have a brief discussion about all this at the meeting we are to have at 4pm on Thursday.

Copies go to the Chancellor of the Exchequer, the Lord President, the Secretaries of State for Wales, the Environment, Employment and Education and Science, the Chancellor of the Duchy of Lancaster and to Sir Robert Armstrong.

M.R.

24 September 1986

DRAFT PRESS RELEASE FOR THE SECRETARY OF STATE

I congratulate Sir Peter Main and his colleagues on this ~~[excellent]~~ Report. They were given a wide remit and were asked to work very quickly. They deserve our thanks for the speed and thoroughness with which they have done their work.

The Government will give the Report close and urgent consideration, and I urge the employers and the teachers to do likewise. Everyone concerned with Scottish education is looking ^{hopeful} to the Report as a basis for an early settlement of the issues relating to pay and conditions of service which produced the damaging dispute of the last two years. On these urgent central questions the Committee have produced a comprehensive ~~[and well-balanced]~~ set of recommendations, ~~and they have emphasised that their recommendations hang together as a unity.~~ I hope that the Report will provide a basis for a comprehensive settlement and for the period of stability and peace which the teaching profession and their pupils so badly need.

I have asked the employers and the teachers' leaders to give me their early reactions to the Report. ^{The Govt will} I shall take their views ~~fully~~ into account in giving ^{out} ~~my own~~ detailed response to it. ^{soon}

This statement would be fairly neutral if the words in square brackets were omitted.

JRS
24/9.

This is not a neutral statement even with your amendments. I have worked further

CONFIDENTIAL UNTIL 2 OCTOBER 1986

COMMITTEE OF INQUIRY INTO PAY AND CONDITIONS OF SCHOOL
TEACHERS IN SCOTLAND

SUMMARY OF REPORT

1. As a lead-in to the immediate questions of pay and conditions of service the first 3 chapters of the report examine aspects of the management of the school system. This is consistent with the remit.

1.1 The Committee see the headteacher as the focal point of the whole system: the person responsible for the efficient delivery of education within his school. The role of the education authority is to support him in this by giving him adequate guidelines, resources and powers; he should have much more say in staff appointments and more responsibility for the use of resources; as an immediate measure a formal statement of headteachers' duties and powers should be prepared and incorporated in their contracts of employment.

1.2 There are some detailed recommendations on the internal management structure of schools, but in general the Committee consider that the present hierarchy of 5 grades of promoted posts is satisfactory (although it needs to be used more flexibly). This view is carried forward into their recommendations on pay structure (below): they will have none of the NAS/UWT idea of a "collegiate" management.

1.3 Although not specifically mentioned in their remit the Committee devotes a separate chapter to the role of parents. Their general position is that parents are not to be equated with the consumers of a product because education yields benefits to society at large as well as to the individual pupils and parents. Accordingly the Committee give priority to re-establishing a working partnership between parents and teachers, through restored and improved liaison, rather than to giving parents a formal say in the management of schools. The Department is urged to bring to a conclusion its review of the position of school councils.

2. The next chapters are concerned with the professional role and duties of a teacher. The report identifies as teachers' duties the following:

2.1 Teaching assigned classes. Teachers must also accept that they may be expected to adapt their methods to new developments and new demands.

2.2 Preparation for teaching. Under this heading the Committee includes curriculum development, which they say has generally added to workload but has also been welcomed by teachers as an enrichment of their job.

2.3 Assessment and correction of pupils' work.

2.4 Presentation of pupils for national examinations. The increasing emphasis on internal assessment has increased the workload and has also blurred the boundaries between work undertaken directly for SEB and work done as part of the normal job for the employer. Teachers should however continue to carry their full share of all the

E. R.

work: the EIS' attempted distinction between professional and purely administrative duties is rejected. There are detailed proposals for rationalising the fees structure (primarily matters for COSLA and SEB).

2.5 Participation in schemes of professional development. This has a chapter to itself, in which the Committee is at pains to try to take some of the emotion out of performance appraisal. The line of argument is that structured professional development requires a proper assessment of the individual teacher's needs; and that in turn involves some appraisal of his performance. The Committee goes out of its way to say that it does not support the idea of merit pay. The report calls for a more rational and structured approach to staff development, but emphasises that the assessment process will require additional staff time, the cost of which it estimates on a back-of-envelope basis as an extra £3m a year (plus extra staff to cover for colleagues released for training etc).

2.6 Taking part in staff meetings and other aspects of school organisation, taking a share in responsibility for discipline and good order throughout the school (not just in class), and liaison with parents are all listed as essential duties. On the last point the Committee considers that a requirement to attend perhaps 4 evening meetings in a session would not be unreasonable.

2.7 Extra-curricular activities are explicitly recognised as purely voluntary matters of goodwill.

3. This broad list of duties is to be incorporated in the Scheme of Conditions of Service. It would thus be contractual. The Committee recognise the legal view (now backed by the Scott judgement in England) that these things are already implied duties in the contract, but consider that they should now be made plain for all to see. They reject equally the propositions that duties should be left to goodwill or to some voluntary code of conduct and that they should be prescribed in statute.

4. The report highlights 2 matters which have been much in evidence in the English dispute viz midday supervision and cover for absent colleagues. Both have in fact been troublesome in Scottish schools, but have not been raised into national issues by the unions during the dispute.

4.1 On midday supervision the report recommends that education authorities should provide ancillary staff, and gives the strongest possible hint that Government should provide additional resources to pay them. In England and Wales part of the £1.25 billion originally offered for teachers' pay was set aside for this purpose, but Scottish Ministers decided not to follow suit at the time.

4.2 On cover for absent colleagues the Committee is careful not to recommend any standard national agreement - there is none at present and there is a local dispute over the matter in Strathclyde - but it observes that actual levels of absence are higher than are assumed in staffing standards and therefore recommends a revision of the standards.

5. The Committee accept that there has been a general increase, impossible to quantify, in workload and that there need to be safeguards for teachers. They take the line that "the right way to limit workload is not by contractual specification but by better planning and management",

and give great prominence to their recommendation that the Department should now undertake a radical review of staffing standards. Their recommendations on modification of the existing "contract" are complex and ingenious. Only minor changes to maximum class sizes and maximum class contact time are proposed. Their major recommendations in this area are as follows:

5.1 That the present contractual working week of 32½ hours be abandoned altogether and replaced by a "notional standard working week" of 35 hours which would not be contractual but would be used as the working assumption for all planning and costing purposes.

5.2 That there be contractual limits to class contact time, as there are at present; to the time to be spent in school (the length of the school week to be standardised nationally, involving gains for some and losses for others); and to time which may be devoted to "programmed activities at the direction of management", to be set at 80 hours a year, outside the pupil week. The balance of time up to the notional 35 hour week would be "flexi-time" ie working hours but used at the teacher's own discretion.

5.3 That the pupil year should be reduced from 200 to 195 days, with the extra 5 days available for in-service training, parents meetings etc.

6. The Committee has made it absolutely plain that its recommendations on conditions of service and workload are to be viewed as a single package with those on pay and pay structure.

7. There are sundry recommendations related to conditions of service:

7.1 The Committee has accepted that there is no case for retaining Section 88 of the 1980 Act (dismissal of teachers) but they also recognise that there is suspicion and misunderstanding abroad on this issue, and they pass back to the Government the responsibility for selling its proposal to the profession.

7.2 Much is made of disciplinary problems in schools, particularly in the wake of the abolition of corporal punishment. This is regarded as a major cause of decline of morale. The Department is urged to mount an urgent investigation of disciplinary methods.

7.3 The Committee considers that more resources must be put into equipment, books and other items of non-teaching cost: but they also point out - mainly it seems for the benefit of parents - the diseconomies of keeping under-occupied schools open.

8. On pay structure, as noted above, the Committee generally endorses the present hierarchy of grades, and their recommendations on pay levels are explicitly skewed towards rewarding those in the most senior posts. There is one important innovation, viz the creation of a new grade of Senior Teacher. They take as their premise that "the lack of incentive for unpromoted teachers is a fundamental weakness in the pay structure", and then consider various possible remedies. Once again they reject merit pay, except for headteachers, as unworkable (probably true, in the present embryonic state of performance appraisal) and certain to be disliked by the profession at large. Nor do they like the idea of a long-service payment, even if separated from the main scale by an efficiency bar, as proposed by COSLA. Their preferred option is a separate grade, reached through normal promotion procedures, which

would therefore be seen as conferring status. They suggest that senior teachers might bear some extra responsibilities, but these should be essentially teaching-related rather than administrative, eg supervision of students and probationers, curriculum co-ordination. They envisage that over a period of 3 years or so enough senior teacher posts would be created to take about half the unpromoted teachers at present at the top of the basic scales. It is significant, and not accidental (though the report does not draw attention to the fact) that the salary proposed for senior teacher - £14,500 - corresponds to the maximum of the basic scale embodied in the Coventry agreement.

9. The report examines the problem of shortage subjects - which very much exercises Ministers in the south, where it is far more acute - but finds no case for special payments. It advocates rather enhanced grants for pre-service training in these subjects.

10. On pay levels the Committee bases its case on morale and motivation. It proposes a single basic scale, shortened to 10 points (with the top point reserved for secondary teachers only) rising to £12,900. Above that, differentials are extended: assistant principal teachers and senior teachers get £14,500, the headteachers of the largest secondary schools go to £28,500. The average increase is 16.4% on present 1986/87 pay scales, which is much as we had expected. No phasing is proposed, other than for the comparatively minor matter of promotion to senior teacher, and the new rates are proposed to apply from 1 October 1986 through to 31 March 1988 (ie no "cost of living" increase on top of this for 1987/88). The extra cost to local authorities over 1985/86 pay levels, based on the number of teachers in post in 1985/86, is estimated by the Committee at £90m in 1986/87, £144m in 1987/88, and £15m over 3 years for the introduction of senior teachers. (See the Annex for some further details.)

11. As for negotiating machinery, the Committee notes that the SJNC has no friends, even in Government, and accepts that it has not worked well (but leaves in a hint that unilateral access to arbitration might have improved matters). The report also rejects the idea of Government withdrawal from the pay process, on the basis that the Government necessarily has an interest, and must have an influence, in such a large block of expenditure. It sees no prospect that simple determination of pay by the Secretary of State would be accepted. It rejects indexation as too costly. The only option it sees left open is a review body, which it considers should deal with both pay and conditions and would sit biennially, starting in 1988. The report notes that it would be a new departure - and could set a difficult precedent - to have a review body for a group of local authority employees. As to industrial action it merely expresses the hope that teachers would find such action unnecessary if they had the protection of a review body.

Scottish Office
September 1986

Pay Levels

The salary levels recommended for the period October 1986 - March 1988 offer Scottish Teachers an average increase of 16.4% over existing 1986/87 salary levels. Quite explicitly this is to be seen as part of a 2-year deal with no further increase during 1987/88. Longer-term as the new pay system matures and promotions are made to the new Senior Teacher grade salary levels will rise over 3-4 years to some 19% above existing 1986/87 levels.

The increases recommended are structured to give more to the more experienced teachers and those in promoted posts. Against the overall average of 16.4% on top of existing salary levels:

- newly qualified teachers entering the profession will receive an increase of 9-11%, a new salary of £7,900.
- teachers with 10-12 years service but as yet unpromoted will receive 15-16%, a new basic grade maximum of £12,500 in primary and £12,900 in secondary.
- teachers who achieve promotion to the new grade of Senior Teacher will receive further increases of over 12% in secondary and 16% in primary, a common salary of £14,500.
- secondary teachers in promoted posts will receive increases averaging 15-20% depending on grade with some headteachers receiving up to 23%. The new maximum salary for a secondary headteacher in a school with over 1300 pupils would be £28,500.
- primary teachers in promoted posts will receive more generous increases averaging slightly over 24% with a new maximum salary for primary headteachers of £20,700.

Differentials for promoted staff are therefore increased sharply in primary schools and significantly in the secondary sector. The largest increases, in excess of one third, will be enjoyed by those at the top of existing scales who succeed in achieving promotion to Senior Teacher, (perhaps over a period of years one in four of all primary teachers and one in six or seven of all secondary teachers).

CONFIDENTIAL

From: J B UNWIN CB, Deputy Secretary



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-2338339

P02231

E C Davison Esq
Scottish Education Department
New St Andrew's House
EDINBURGH EH1 3SY

Mr. Nongrove

To note X. The
Timetable For delivery
of Main has
slipped a
bit since we
spoke.

N.S.P. 7

16 September 1986

JUN 16/ix

John Tel,

TEACHERS PAY

x | When we spoke on the telephone about the follow up to yesterday's meeting of MISC 122, you told me that you did not now expect to receive the Main report until Wednesday, 24 September. You would, however, aim to put copies in the post immediately on the restricted basis authorised by MISC 122 so that they would be available to key Departments for reading during the following weekend.

MISC 123 was instructed by Ministers yesterday to bring forward comprehensive recommendations in respect of both Scotland and England and Wales in the light of assessment of the Main report. We shall therefore need to move very quickly but, before I convene a full meeting of MISC 123, I think it would be helpful to have a prior informal discussion with you and the other recipients of this letter (or their representatives) first. We agreed that, subject to any further change in the timing of receipt of the Main report, we should aim to hold that discussion here on Monday, 29 September, and I will ask my secretary to arrange a convenient time for this. Thereafter, I think we must aim to process papers through the official group in time for consideration by Ministers in MISC 122 on their return from the Party Conference during the week beginning Monday, 13 October.

I am copying this letter to Peter Kemp (Treasury), Philip Halsey (DES), and Douglas Smith (Department of Employment).

Yours sincerely,
John Unwin
J B UNWIN

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PERSONAL AND CONFIDENTIAL

PRIME MINISTER

1. I thought it might be helpful in the light of our forthcoming meetings on teachers' pay and on City Technological Colleges if I set out, for your eyes only at this stage, how I see progress on these fronts leading to better education in the future.

2. Raising the quality of education is crucial. We do not want further disruption in the schools. A reasonable deal from Coventry and Main which provided good value for the children, the parents, the Government and the teachers would help to restore order and improve the recruitment, retention and motivation of teachers. While I do not believe that we shall be able to secure an ideal structure on pay and conditions, there is the chance of some improvement; and we do have the opportunity to get a financial grip on local authorities which will give them every incentive to enforce teachers' contracts. I do not think that anyone has come up with a better way of doing this than through a specific grant mechanism. I have done a separate short note for MISC 122 next week.

3. Our problems over teachers' pay can be attributed to the monopoly position of the local authorities and the teacher unions. We need to create alternatives. I see the initiative that we are to take on City Technological Colleges as a vital complement to a settlement on teachers' pay. To have alternative state-funded schools operating in local authority areas is a far better way of reforming the education system than the introduction of vouchers or the transfer of education from the local authorities to the centre. It will be helpful to consider extending the coverage of specific grant into other aspects of education delivery by local authorities and to look further at such possibilities as open enrolment, but

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I think getting City Technological Colleges up and running
- trusts set up, sites found, heads appointed, children taught
- will be worth much more than speculation over abstract
reform which excites and then denies expectations.

4. Essential features of City Technological Colleges are:

- (i) A contract between the promoters of each College and central Government. The promoters would take responsibility for running the colleges. We should avoid creating a large bureaucracy at the DES.
- (ii) Direct per capita funding for each College.
- (iii) Freedom within the State system from salary structures negotiated nationally with the unions.
- (iv) The obligation to teach a challenging and up-to-date curriculum to all pupils.

5. I believe that through City Technological Colleges breaking the monopoly of the local authorities these factors will be seen as essential to the revitalizing of our education system. This reform could form the basis of a really attractive manifesto position for our Party at the next election. This would rest on:

- (i) A better paid teaching profession but with levers through specific grant to help ensure that better teaching is actually delivered and employers act as employers should.
- (ii) More pressure on local authorities to deliver high quality education - from above through the extension of the specific grant sanction; and from below through giving greater powers to parents, to heads and to governing bodies as foreshadowed

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in the Education Bill.

- (iii) The creation within the state system of real alternatives to local authority maintained schools, with more parental choice, and with the possibility of existing state schools coming into a directly funded regime later.

6. I am ready to discuss this further, along with one or two other matters I would like your advice on, when we meet next week.

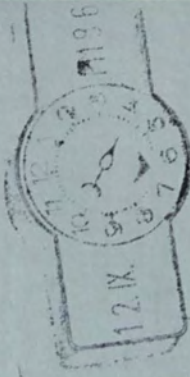
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KB
Department of Education
and Science

12 September 1986

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010

CEBG
CEBG ✓

David Norgrove
No 10 Downing Street
LONDON SW1

Dear David,

TEACHERS' PAY AND CONDITIONS

At the end of this morning's meeting with Mr Pearman and the teacher employers, the Secretary of State agreed to publish a speaking note for the meeting which he had made available to those present. A copy of this is attached. The Secretary of State will report further on the meeting orally at MISC(122) on Monday.

I am sending copies of this letter and attachment to Private Secretaries to MISC(122) Ministers and the Private Secretary to Sir Robert Armstrong.

Yours sincerely,
Rob Smith

R L SMITH

Private Secretary

12 September 1986

Dpt Education and
Science

**SECRETARY OF STATE'S MEETING WITH LOCAL AUTHORITY ASSOCIATIONS
ON 12 SEPTEMBER**

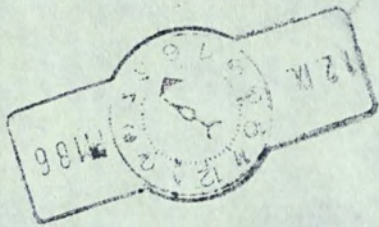
Speaking Note

This meeting comes at the beginning of a new school year. I am very glad that there are prospects of normal and uninterrupted school work ahead. This is very important for the well being of children and their families, and the quality of education.

I appreciate the hard work put into recent negotiations by the local authorities, the teachers and the ACAS panel, that has brought us to the present position. But there is a long way to go before that work is completed.

As to resources, the Government's conditional £1,250m offer stands, and the Government will consider the full outcome of the ACAS-led negotiations when that is available. The Government's response will depend on how well the final overall outcome matches the Government's objectives.

The £1,250m offer related to the cost of a pay deal. Some of the possible changes in conditions of service yet to be negotiated, bearing on such matters as class size and contact ratios, could affect the numbers of teachers needed and thus the total pay bill. I am disturbed by your recent interim agreement on cover, which goes far beyond authorities' long-standing practice. School staffing standards have recently been studied in detail by our officials. You should not expect the Government to support any proposals which would pre-empt the developments envisaged in their report.



PRIME MINISTER

12 September 1986

cc B/UP

EDUCATION - SCHOOLS

Next week you hold three significant meetings on education:-

(i) MISC 122 on Teachers Pay (Monday pm),

(ii) John Anson (HMT) to discuss how to get better schools (Thursday am),

(iii) a bilateral with the Secretary of State for which he hopes to submit a personal paper on strategy (Thursday pm).

(i) MISC 122 on Teachers' Pay

This is an occasion for stocktaking on the Coventry agreement and a discussion of the DES paper on negotiating machinery, specific grants and enforcement. Sir Peter Main plans to deliver his Report on 17 September. As we set up Main we are expected to make a fairly prompt response. The meeting therefore might usefully consider Kenneth Baker's game plan to deal with Coventry and Main.

I attach detailed comments on the DES paper for MISC 122.

(ii) John Anson on How to Get Better Schools

This is a typical lucidly written Treasury analysis: radical in tackling the problems of education and ingenious in simultaneously solving the problem of local government. It follows closely the No Turning Back prescriptions. Its implementation would be a major upheaval and it deserves careful probing.

I shall submit a note on the wider questions raised by the paper before the meeting.

(iii) Bilateral meeting with Secretary of State

Kenneth Baker hopes to submit a highly confidential paper on his own strategy on how to get better schools. It is quite different from the Treasury's approach and you will need to be assured that it can in practice deliver better schools.

I am preparing a paper outlining the pros and cons of the two approaches for this meeting.

The need for direction

These three meetings take place against a background in which much is likely to change in education in the near future:-

(a) implementing ACAS and Main will involve replacing Burnham, a new pay structure, performance appraisal and contractual duties and responsibilities for teachers, and the possibility of specific grants and monitoring of LEAs,

(b) independently of this Kenneth Baker will be taking new initiatives: City technological colleges and in-service training,

(c) Kenneth Baker is also chairing the strategy group which should produce recommendations for the Manifesto.

It is clearly important that all these changes are properly orchestrated. It is virtually certain that changes in (a) and (b) will impose constraints on the choices under (c). This requires therefore a major decision by yourself in the

not-too-distant future on the route education reforms should
take:-

(a) you could accept Kenneth Baker's attempt to raise standards by gradual changes within, broadly speaking, the present structure - but press him to be as radical and effective as is possible (e.g. by introducing compulsory over enrolment, devolution of managerial responsibility to individual schools, national core syllabus),

(b) or you could opt for a more radical change through introducing vouchers, education credits and new methods of financing and administering schools.

BG.

BRIAN GRIFFITHS



CONFIDENTIAL

CC B/CP

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PRIME MINISTER

Teachers Pay and Conditions:
Future Action by the Government

PURPOSE OF MEETING

A
B
MISC 122 is to meet at 4:30pm on 15 September to review the current position on teachers' pay and conditions. It will have before it the summary paper prepared by MISC 123 (MISC 122(86)13) together with the Education Secretary's minute to you of 11 September. As Mr Baker's minute makes clear, the Government cannot sensibly decide their future course of action until they have considered the report of the Main Committee; once that report is available, however, they will need to take firm and coordinated decisions covering both England and Wales and Scotland within a few weeks. Otherwise there is a serious risk of being faced with even less palatable and more costly recommendations by the employers and unions in England and Wales which it could be hard to repudiate without renewed industrial disruption.

2. I suggest, therefore, that the conclusion of this meeting should be a remit to MISC 123 to prepare a paper on the options for Ministers in the light of Main, to be considered at a further meeting of MISC 122 around the end of this month.

BACKGROUND

3. As well as setting out the current situation in relation to England and Wales and to Scotland, MISC 123(86)13 responds to remits given by MISC 122 at their last meeting on 30 July. So far as the current situation is concerned, key points to note are

that:

- ACAS has now effectively completed its role. There is now a direct negotiation between the local authority employers and the unions to fill out the Coventry 'Heads of Agreement';
- the Main report is expected to be delivered to the Scottish Secretary in a matter of days.

Enforcement of teachers' duties and conditions of service

4. The conclusion of officials is that the existing law already provides adequate scope for effective enforcement of teachers' contracts by Local Education Authorities (LEAs) if they have the will to do this, and that no new legislation could guarantee that LEAs would enforce contracts if they were determined not to do so. If the teachers were in dispute with the LEAs, there could be advantage in strengthening the position of the employers, e.g. by the introduction of a statutory code of conduct to be applied where teachers failed to comply with contracts; but in present circumstances, with the LEAs standing alongside the teachers, the introduction of new legislation on these lines seems likely to create difficulties without achieving any progress towards the Government's objectives. I understand that the Education Secretary and Paymaster General endorse this conclusion.

Financial disciplines imposed by the Government on LEAs

5. Officials' conclusion is that new grant arrangements, which would require new primary legislation, may well have a part to play in restraining LEAs from making expensive concessions to teachers in defiance of Government policy. But the possibilities here will need further study in the light of the options on negotiating machinery as they appear in the light of Main, and against the background of continuing work on the reform of local authority finance.

Negotiating machinery

6. There is as yet nothing fresh to add to the analysis: we must await the recommendations of the Main Committee before a view can be taken on the feasibility and desirability of avoiding the voluntary arrangements implicit in the Coventry 'Heads of Agreement' in which the Government would play no part. You are familiar with the arguments for and against some form of Standing Advisory Committee from the Group's earlier discussions.

THE NEED FOR EARLY DECISIONS

7. Although the Government will need a little time to study the Main recommendations, there are strong arguments for an early and definitive response:

- a. to meet the requirements of the Scottish situation, and take advantage of the climate for an urgent resolution of outstanding issues on teachers' duties before opposition can be organised to firmer management of teachers; and
- b. to seek to limit further damage in England and Wales arising from the continuing negotiations between the LEAs and the teachers' unions on maximum class size and contact time, which will almost certainly add to costs the longer the negotiations continue.

There has always been a risk inherent in the separate ACAS and Main processes that the unions will seek to secure throughout Great Britain the most favourable elements in the separate processes. Early Government action will be needed to head off this risk, and at the same time to take whatever opportunity the Main recommendations present to claw-back, or at any rate limit, the damage from the ACAS process.

8. The Government's response to both Main and ACAS will need to cover

a. salary structures and levels (it might be possible, while accepting the Main proposals on pay to secure their phasing on a basis consistent with the Coventry agreement - ie over 4 years rather than 1-2 years);

b. negotiating machinery (the case for some kind of statutory arrangement would presumably be stronger if the Government wished to vary the later stages of the Coventry agreement so as to produce a different kind of salary structure);

c. the amounts and timing of any additional finance to be made available in response to the two processes (taking into account the implications for the Government's overall public expenditure plans, and also for the levels of local taxation); and

d. the mechanisms for distributing any additional Government finance, and any new disciplines to be introduced to restrain local authorities' spending on teachers' pay.

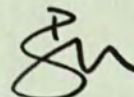
9. All these issues will require very difficult decisions. In the longer term, the public expenditure implications will be substantial, although the extended phasing in the Coventry agreement means that refusal by the Government to meet the full additional costs would not have a devastating impact on local authority finance in 1987-88. On the other hand the Coventry agreement (paragraph 17) states that its implementation "is dependant on the Government providing adequate new money to all local authorities for its implementation", and the LEAs clearly believe that refusal on their part to implement the agreement on the ground that the Government had not made available the necessary finance would saddle the Government with the main

responsibility for the ensuing resumption of disruption. In other words, they are setting the Government up to take the blame if the agreement does not proceed. However, until there has been an opportunity to consider the options as they appear in the light of Main, it would seem undesirable for the Group to record any specific conclusions on any of these issues.

HANDLING

10. You will wish to invite the Secretaries of State for Education and Science and for Scotland to outline the present situation as they see it, including a report by the former on his meeting today with the employers' leaders. The Chancellor of the Exchequer and the Chief Secretary, Treasury will wish to comment from the overall public expenditure standpoint, and also on aspects of central/local government financial relations. The Secretary of State for the Environment (and also the Secretary of State for Scotland) will equally wish to comment on possible changes in Grant arrangements. The Paymaster General may wish to comment on the enforcement of teachers' contracts. The Lord President of the Council, the Chancellor of the Duchy of Lancaster and the Chief Whip will all wish to comment on political aspects, and the other Territorial Ministers may wish to register points of particular concern to them.

See also PS on
next page



J B UNWIN

Cabinet Office
12 September 1986

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Postscript

c Since the above was prepared I have seen the Secretary of State for Scotland's minute to you of 11 September on the Main report. This broadly confirms the information in MISC 122(86)13 and seeks authority for publication on 2 October. You may think that it might be better to aim for publication a little earlier, so as to minimise the time for leaks and speculation and to avoid its appearance on the eve of the Party Conference. The Secretary of State is naturally thinking in terms of a response to Main alone, but for the reasons in my brief above, there is a strong case for using Main as the occasion to declare the Government's hand on GB as a whole.



J B UNWIN

CONFIDENTIAL

CCB/UP

PRIME MINISTER12 September 1986Teachers' Pay

There are five major issues to be raised at this meeting: the Coventry agreement, methods of enforcement, new grant arrangements and the Secretary of State's tactics in handling the unions and local authorities.

The Coventry Agreement

Coventry is increasingly beginning to look like fairyland. Two questions need to be pressed on the Secretary of State:-

- (a) what precisely is the deal?
- (b) can the unions deliver?

Take the example of cover. Point 5 of the Coventry Heads of Agreement stated "As a matter of urgency the parties will conclude negotiations on cover to take effect from the autumn term 1986". An interim agreement has already been signed. But of what value is this piece of paper given that

- (i) the National Association of Head Teachers (NAAT) signed this Heads of Agreement at Coventry but then abstained in the draft agreement on cover and actually voted against the final agreement.
- (ii) the Secondary Heads Association also voted for the Coventry agreement but abstained from signing the interim agreement,
- (iii) the NUT's largest and most militant section - the Inner London Teachers Association - regard no cover as a right not a sanction,

(iv) the NAS/UWT voted against the interim agreement,

(v) in areas such as inner London and Birmingham NUT members are in practice refusing to cover for absent colleagues.

The views of a senior official of the SHA is very clear.

"The question of cover was one of the most difficult of all to manage as we struggled to contend with the almost infinite variations in union action, the regulations of LEAs, the shortage of supply teachers and the problems of transport.

The least we might expect, therefore, even from an interim agreement, is some statement of the rules of how the game is to be played from now on, with clear indications of what the various unions will and will not advise or instruct their members to do and firm commitments by the LEAs to deal with the rest.

What we have instead is what The TES described as a fudge. We believe that it will lead to confusion in many parts of the country and may place heads once again in the invidious position of sending pupils home when the readiness of teachers to provide cover falls short of the local authority's expectations.

We hope we are proved wrong, and meanwhile SHA member will continue to do all they can to keep their schools running normally. We shall, of course, do nothing to obstruct the operation of the fudged agreement, which we did not reject but simply abstained from signing because it did not meet our needs for efficient and effective management of schools."

(TES Sept. 12th 1986)

Or take the example of pay structure. This is the most elaborate part of the Coventry. It was signed by union leaders. But the NAHT, SHA, AMMA and PAT have already received many representations from members who are desperately unhappy over the differentials concluded at Coventry. The executive committee of the NAHT have already voted against its General Secretary's endorsement of Coventry on this issue.

John Sutton, a senior officer of the SHA in this week's TES states amazingly

"Of course secondary heads and deputies have serious reservations about a number of the elements of the Coventry agreement. We suspect that experience of the new structure in operation will lead fairly quickly to some modifications".

Conclusions on Coventry

Coventry was a deal struck by union leaders and local authorities for the political advantage of John Pearman. It is becoming increasingly clear that all of the key issues remain unresolved.

Coventry should have been about setting up a new pay structure set against a definition of duties and responsibilities for teachers. The feeling among unions is that they will sign an agreement which they admit among themselves they are unable to deliver. The key issue facing the Secretary of State therefore is how to expose the impotence of the unions on this score. Their inability to deliver on cover hands it to him on a plate.

Enforcement

It would be useful to have one of the lawyers present comment on paragraphs 15-37 of Annex A in order to cover

some of the rather technical issues. The central issue which will remain however is the ability of central government to coerce the local authorities to enforce contracts.

Grants

One way of bringing local authorities under pressure would be the percentage grant (para 8 Annex C) or a confirmation of this and a specific grant. Under a percentage grant regions extra spending on education would have to be financed by the Community Charge. This raises a number of questions:

(i) How would the DES decide on the appropriate numbers of staff and costs for each school? If LEAs disagreed with DES how would disagreements be settled?

(ii) How much extra staffing would this require of DES?

(iii) How would such a grant arrangement affect the equalization aspects of the RSG?

(iv) How would the performance of local authorities be monitored?

(v) Would it be feasible in practice for central government to withdraw a specific grant? How likely would it be to face judicial review?

Negotiating Machinery

There is little that is new here.

Second opinion

Why heads held out for cover rules

Recent *TES* editorial comments suggest a misunderstanding of the position of the Secondary Heads Association in two important areas. First, we are taken to task because we signed the Heads of Agreement at Coventry when some parts of it were distasteful to us, and then called stubborn for abstaining from the interim agreement on cover.

In the first case, we were dealing with a package and it was clear from the beginning – and long before the Coventry meeting – that it would not be possible to pick out the parts we liked and reject the rest. It became a matter of judgement to decide when we had reached the best set of compromises we were likely to get and with so many issues still to be resolved it would have been irresponsible to have opted out at that stage.

Of course secondary heads and deputies have serious reservations about a number of the elements of the Coventry agreement, and some of these have already been aired in the columns of *The TES*. We suspect that experience of the new structure in operation will lead fairly quickly to some modifications.

In the second case, we were dealing with a specific and short term issue, that of cover. As *The TES* rightly observed, this is a vexed and highly sensitive subject. For many months heads and deputies received praise and sympathy from many quarters for keeping schools operating without directly undermining the actions of the other unions or endangering the safety of their pupils.

The question of cover was one of the most difficult of all to manage as we struggled to contend with the almost infinite variations in union action, the regulations of I.e.a.s, the shortage of supply teachers and the problems of transport. The man hours expended on this issue alone over the past 18 months are incalculable.

The least we might expect, therefore, even from an interim agreement, is some statement of the rules of how the game is to be played from now on, with clear indications of what the various unions will and will not advise or instruct their members to do and firm commitments by the I.e.a.s to deal with the rest.

What we have instead is what *The TES* described as a fudge. We believe that it will lead to confusion in many parts of the country and may place heads once again in the invidious position of sending pupils home when the readiness of teachers to provide cover falls short of the local authority's expectations.

We hope we are proved wrong, and meanwhile SHA members will continue to do all they can to keep their schools running normally. We shall, of course, do nothing to obstruct the operation of the fudged agreement, which we did not reject but simply abstained from signing because it did not meet our needs for efficient and effective management of schools.

John Sutton

John Sutton is Salaries and Conditions of Service Officer, Secondary Heads Association.

Still waiting for a truce . . .

by James Meikle

Birmingham schools are entering their third year of disruption despite recent national efforts to restore peace to the classroom.

While the city council and its teachers argue about where the responsibility lies for failure to agree to local truce, children are still being sent home.

The teachers' strikes stopped some months ago, when unions agreed an interim pay deal, but the legacy of the council's pay-docking policy lingers on.

About 3,500 members of the National Association of Schoolmasters/Union of Women Teachers are refusing to cover for colleagues for more than a day, and then only for unforeseen absences. The action is being taken in support of their demand for repayment of some of the money that was docked from their salaries during the protracted pay dispute.

The National Union of Teachers, which has 5,000 members in the city, has called on its members not to fill in for absent colleagues if an NAS/UWT member has already refused to cover.

The NAS/UWT's dispute stems from the union's policy of short, sharp strikes which involve stoppages of minutes rather than hours.

The authority decided to implement a blanket £6 deduction for each lesson missed, regardless of the pay of the teacher involved. The union regards this as a fine, rather than pay deduction. Its policy is to argue the matter through industrial action and bargaining rather than through the courts.

Mrs Chris Keates, the NAS/UWT Birmingham secretary, said: "We are not asking for anything outrageous. We accept that if you withdraw your labour



Tony Miller

you lose pay. Our argument is based on the way it was deducted."

Birmingham education authority expects teachers to cover for the first five days of a colleague's absence. But the teachers complain that informal, unwritten arrangements for three-day cover were unilaterally altered by the authority.

The Council of Local Education Authorities has advised members to deduct cash where teachers refuse to honour cover responsibilities. Otherwise they could risk prosecution from parents for failure to ensure education for their children. But Birmingham has so far avoided docking money for refusal to cover.

The NUT was this week hoping for a meeting with council representatives on the issue, while maintaining that any new arrangements on cover would not affect their refusal not to undermine other teachers' industrial action.

The NAS/UWT is not interested in any such talks until the lingering row over the strike deductions is settled.

But there is another argument for not providing cover up to the level expected by the council.

The NAS/UWT, though one of the signatories to a memorandum that set up talks at the conciliation service, Acas, in the spring, signed neither the later Heads of Agreement on pay and conditions at Coventry in July, nor the stop-gap agreement on cover signed by some unions in London last week.

Employers said they would use "their best endeavours" to provide schools with supply teachers as soon as practicable after a member of staff's first day of absence. The unions agreed that where an authority could not find or afford supply staff, they would "share equitably" cover arrangements.

Mrs Keates said: "While unions who are signatories are not doing cover, why should we abide by an agreement we didn't even sign?"

Mr Tony Miller, spokesman for the NUT in the city, said: "There is no question of us operating five-day cover."

Meanwhile, as the unions argue about who is trying to get the best deal for their members and the city council considers the next step, children are likely to be sent home from school for some time to come. So far it has been impossible to determine the effect of the action.

report that the three main teacher unions are engaged in pockets of industrial action while, on page 8, Jeremy Sutcliffe visits a comprehensive to see how the Coventry deal would affect senior teachers.

Cover deal exposes rift in NUT ranks

by Barry Hugill

"A major breakthrough" is how Mr Doug McAvoy, deputy general secretary of the National Union of Teachers, described last week's interim agreement on cover.

He was delighted that the employers had agreed to use "their best endeavours" to provide schools with

supply teachers "as soon as practicable" after a member of staff's first day of absence.

But his delight is not shared by some members of the NUT's largest, and most militant, section, the Inner London Teachers' Association.

Ms Julia Alterman, ILTA executive member, speaking in her personal capacity, made her feelings clear: "Teachers in Germany, France, and Sweden don't cover. It is no part of their professional duty and it should not be part of ours."

She added that ILTA saw "no cover" as a right, not a sanction.

Within days of the new term starting, heads throughout the Inner London Education Authority's 10 divisions were hearing from their NUT school representatives that the "no cover" policy introduced during the long-running pay dispute was still in operation, regardless of any national agreement.

Mr John Kemp, head of Hackney Downs comprehensive, in east London, was told that his NUT members would not be covering in any circumstances, nor would they be participating in any out-of-school activities. He is three teachers short and, for the time being, is managing with supply staff.

Mr John Phillips, head of Graveney School, Wandsworth, received a similar message. He said that many other heads in the area had also been told that the "no cover" policy was still in operation.

He is attempting to run a new institution of 2,000 pupils and 150 staff born from a merger of two schools. His



Photograph: Melanie Friend

London teachers see "no cover" as a right rather than a sanction

major worry is that the refusal of most of his staff to attend parent/teacher meetings will not help the school to establish itself.

Mr Phillips, a leading member of the Secondary Heads Association, says that the teachers' action would confuse parents. "We cannot expect parents to read the small print," he said in reference to July's Coventry settlement. "They read in the papers, and see on the TV, that a deal was struck and they think that the disruption is over."

Mr Phillips and Mr Kemp have had no trouble so far but how long the peace will last will be determined by the full ILTA membership at their October 26 meeting.

Ms Alterman doubts the ILEA will be able to provide supply teachers as quickly as the employers suggested they would and says it is quite possible that the meeting will vote to continue "no cover" action.

"The authority is already 150 teachers short in the primary sector so there will clearly be no supply teachers

available to cover for teachers who are absent."

Ms Deirdre Wood, chair of the ILEA staff sub-committee, is keeping her fingers crossed that ILTA will fall into line with its national leadership. "So far we have heard of no trouble in our schools, in fact in cases of absence teachers have covered," she said.

Following the Scott judgment that teachers have a professional obligation to cover, ILEA could deduct the pay of any teacher refusing to do so. But Ms Wood was not prepared to discuss the matter.

"The problem has not arisen," she said. "The NUT executive has ratified the agreement and I hope that it can convince its members to abide by it."

A similar position was adopted by Mr Fred Jarvis, general secretary of the NUT. He refused to be drawn on what action, if any, the union would take against members ignoring national decisions.

"We have sent out guidelines to all our members and I am convinced that the majority will go along with the

agreement. I am not prepared to say what action will be taken against members who do not comply until we receive evidence that they are not abiding by the agreement," he said.

The question of cover was put in its historical context by Mr Michael Marland, head of the North Westminster Community School. "It has been a mess for 25 years," he said.

Mr Marland has no immediate problems - "we have had a marvellous start to the school year" - but he is concerned about the quality of teaching provided by cover and supply staff.

"About one-tenth of lessons are taken by cover or supply teachers and the only way to improve educational standards is to improve the quality of that teaching.

"We have had guidelines on everything under the sun from the teaching of classics to the number of urinals that we have to have in schools yet we have never had anything on how to improve the quality of supply and cover teaching. It is a great educational vacuum."



Julia Alterman

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DN
cc BG
action.
cc B/LP

PRIME MINISTER

TEACHERS' PAY AND DUTIES

We must soon decide what we are going to do about teachers' pay and duties, here and in Scotland.

We do not yet have a complete package from the ACAS exercise for England and Wales, although ACAS itself has in practice withdrawn from this process and left it to the Employers and the Unions to negotiate further. We must expect the Labour-led employers to allow the situation to slip further away in the coming months. We know what the pay element of their proposals would cost: we do not know how expensive their expected concessions on such matters as class size and teaching time may prove to be. I shall make the Government's position clear again when I see the local authorities on Friday, and I will report on that.

Our analysis of the options has been carried forward by MISC(122) (86)13. But we cannot decide what to do until we have the Main Report. I believe, however, that we should announce our considered response covering England and Wales and Scotland as soon as possible after receiving that Report.

Our immediate objective must be an end to the dispute on terms which ensure uninterrupted schooling at minimum cost. We need to secure that by Christmas. I think MISC(122)(86)13 makes it clear that we cannot expect successfully to legislate to ensure that LEAs will rigorously enforce contracts. We should exert what pressure we can through financial levers.

I believe therefore that our post-Main attention must be directed urgently to cost, to the conditions we should attach to additional grant and to the mechanisms we should use for distributing additional grant to LEAs. Negotiating machinery will also have to be considered.

We should aim at an announcement which will be complete, explicit and final.

I am sending a copy of this to members of MISC(122) and Sir Robert Armstrong.

KS.

KB
Department of Education and Science

11 September 1986



CCP/G
CCP/G

CONFIDENTIAL

Prime Minister

MISC 122

1. I am expecting to receive the report of Sir Peter Main's Committee within the next week or so, probably around 19 September and I propose to publish it, if you and other colleagues agree, on 2 October. As soon as the text comes to hand I shall circulate it to colleagues.

2. As well as completing their work very promptly the Committee have been notably discreet about it, and even now it is possible only to guess at what their report will contain. It seems reasonable to expect however that they will give us broadly acceptable recommendations on the question of teachers' contractual duties; and that their recommendations on salary structure will recognise the importance of adequate rewards for teachers of proven quality and those who bear extra responsibility. They will address seriously the question of negotiating machinery and it will be no surprise, given the tenor of most of the evidence submitted to them by other parties, if they recommend some form of standing review, which may not necessarily be modelled precisely on existing review bodies, and may be presented as a means of securing freedom from future disruption. As to the overall cost of their salary recommendations I know at present only that they have taken a close interest in the proposals advanced by the Scottish employers, which would add at least 15% to the current salary bill.

3. Be that as it may we must be prepared for a report which delivers much of what the Government is looking for in terms of definition of duties and of pay structure but at a considerably higher cost than the £125m which my predecessor had conditionally offered last year. In any case we will be expected to respond quickly and, unless the report is obviously flawed, positively. Any delay in our response will generate suspicion, making it more difficult for the moderate voices on the Teachers' Side to restrain their more militant colleagues and thus



increasing the chances of renewed disruption in the schools. In my initial response on the report's publication I shall repeat what I have said previously, that I shall await the responses of the teachers and the employers before giving a considered view; but I expect that those parties will give their reactions very quickly, perhaps within a week or so of publication. I shall then be under great pressure to declare the Government's hand, without which substantive negotiations will not begin.

4. I shall minute again when the report is received. For the moment I ask colleagues simply to note what I have said above and to bear in mind that if we fail to make what the public can see is a fair and prompt response to the report next month we shall lose the initiative, perhaps irretrievably.

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

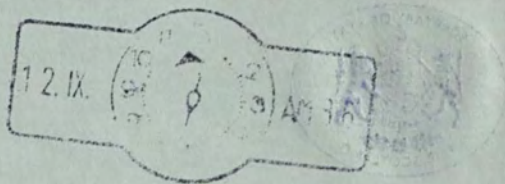
MR

MALCOLM RIFKIND

11 September 1986

Education: Teachers Pay

PTT.



15718

Mr Roberts

cc

Mr Wiggins *CCRG*
Mr Addison (No 10)



RESTRICTED



Thank you. My firm view is that we must make every effort to stick to 15 September, whether or not Lord Young can rearrange his programme. I hope No 10 will feel able to take this line if approached.

MR UNWIN

From: J E ROBERTS
28 August 1986

cc Mr Wiggins
(for info) Mr Norgrove - No 10

MISC 122: TEACHERS PAY

JER 28/V...

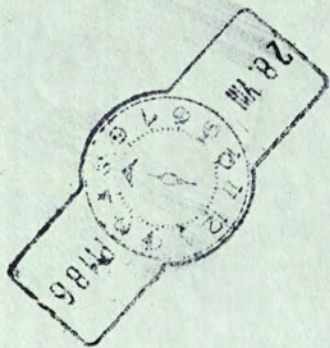
I mentioned to you on Tuesday a difficulty over the meeting of MISC 122 on 15 September.

2. Ideally we should have the Paymaster General present: of the Employment Ministers he has taken the closer interest, and it was he who was specifically charged with producing a note on contract enforceability. But there is no date in the period 11-23 September when the Prime Minister and Paymaster General are both in London. Rather than delay the meeting till the end of September (and there is no certainty any slot can be found then), I thought it better to go ahead with just Lord Young present.

3. When the MISC 122 meeting was set up in July, Lord Young's office told Committee Section he could attend on 15 September. They told me last week that they were mistaken: on present plans, he will not be back from Cardiff in time. I have looked for an alternative slot. It may be possible to move the meeting to 18 September if a visit by Mr Baker to Rochdale does not go ahead. But if that option falls we will have to tell Department of Employment that one or other of their Ministers must change their diaries to fit in with No 10, or alternatively they must field a PUSS.

4. We can take stock at the meeting of the Official Group MISC 123 on 8 September, and decide whether it is necessary for Ministers to meet on 15 September or whether it can be postponed until later in that month. But time will be tight with the Party conference and the Star Chamber occupying most of October, and it may well be better to stick to our existing plan.

J E ROBERTS





CONFIDENTIAL

CCBG

P 02212

From: J B UNWIN
27 August 1986

NOTE FOR THE RECORD

cc Mr Wiggins
Mr Roberts
for info: Mr Norgrove No 10

pn

COPY FILE

TEACHERS PAY

I had a word with Mr Langtry at DES to take stock of developments on teachers' pay.

2. On substance, largely because of the holidays, little of significance has happened since the Coventry ACAS weekend, although the NAS/UWT have repeated their opposition to the proposals because the proposed main scale maximum is too low. The signatory unions are expected to put the proposals to their executives at the end of this week, and full and detailed agreement is being aimed at by the end of December. In the meantime the Main Enquiry in Scotland is still thought to be on course for around the end of September, and there are reports that the EIS are gearing themselves up to reject it.

3. On the above scenario, the planned MISC 122 meeting on 15 September will not be an occasion for taking any final decisions on Government intervention. Those will in any case need at least to await an assessment of the recommendations in the Main Report. However, it seems important to stick to that meeting so as to give Ministers an opportunity to take stock again of developments and, if possible, to narrow down the options. In principle decisions could presumably be delayed until the end of the year, when the final outcome of the ACAS exercise is known. But the chances are that as time goes on the ACAS picture will (from the Government's point of view) get worse rather than better, and the Government may well need to intervene before knowing its final outcome.

4. In preparation for the MISC 122 meeting on 15 September DES are preparing three "technical" papers:-



(i) on a specific contract of enforceability (in consultation with the Department of Employment and the Treasury);

(ii) on future negotiating machinery;

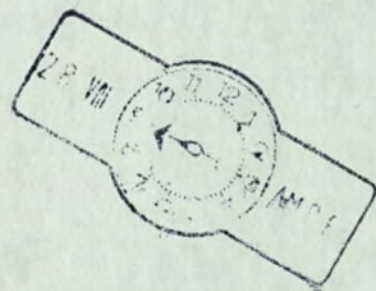
(iii) on grant mechanisms.

5. The present DES intention is that, subject to discussion in the Official Group (MISC 123), these should be circulated to MISC 122 under a covering note by Mr Baker.

6. I have asked Mr Langtry to circulate drafts of the three technical papers by next Wednesday (3 September) for discussion at the Official Group on Monday, 8 September. We can decide in the light of discussion then whether to endorse the DES proposal above for handling the papers for the Ministerial Group, or whether it would be sensible for some or all of the papers to go forward again from the Official Group.

7. I should be grateful if Mr Roberts, who is arranging the MISC 123 meeting for 8 September, would keep in touch with DES and make sure that they circulate the papers on time.

J B UNWIN



TEACHERS' PAY AND CONDITIONS

The ACAS talks are fast becoming another pay round rather than a fundamental restructuring of the profession. The suggested response as set out in paragraph 9 strikes just the right balance between offering encouragement to the constructive aspects of ACAS while being sceptical and even critical of certain features of the agreement.

The Left-led coalition of unions and employers is looking to trip up the Government. It is crucial that in our response we do not provide them with opportunities they might exploit. Three areas seem particularly delicate.

1. The cost of the deal

At this stage the Government must refuse to be drawn into answering the only question being put by both sides: "Will it fund the deal?"

It is particularly important:

- i. to emphasise that £1,250m will be available, subject to the conditions being met; and
- ii. to invite LEAs to put forward proposals for increased efficiency (Audit Commission) which could be used to finance further expenditure.

2. The Pay Structure

This is the most detailed part of the agreement, and is clearly unacceptable. The escalator is too steep and there are far too few merit awards, which are crucial to managing the teaching profession.

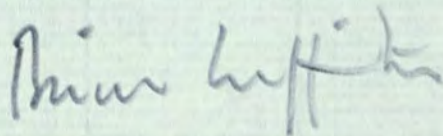
The choice is between expressing reservations now or waiting until the agreement is complete. It is best to speak out now. This could be done by restating the conditions of 5 August 1985 which Keith Joseph attached to the £1,250m, and quoting from the Government's submission of evidence to ACAS (see attached).

3. The MAIN Report

The unions will strongly object to the Government's desire to compare ACAS and MAIN. It would seem far better not to make this explicit, but to play for time through other ways.

Tactically we need to put the ball in their court by:

- i. informing them that we cannot make a decision until we have seen the full agreement; and
- ii. inviting the LEAs to come forward with proposals for funding based on greater efficiency.



BRIAN GRIFFITHS

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.

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



CONFIDENTIAL

cc B4
✓ B/up

P 02208

PRIME MINISTER

Teachers' Pay

Misc 122 is to meet at 2.30 pm tomorrow to consider the outcome of the ACAS talks on teachers' pay. You will wish, in the light of a report from Mr Baker (still to be circulated), to decide what response the Government should now make to the provisional agreement between the employers and the unions.

BACKGROUND

2. The employers and the teachers' unions (except the NAS/UWT who wish to consult a special union conference in September) have signed a provisional "Heads of Agreement". On pay it recommends a two year entry scale (at £7,600 and £8,000) followed by a single main professional scale for the majority of teachers ranging from £9,600 to £14,000 as from 1 January 1987 (£14,500 from September 1987). In addition to this there would be two allowances of £750 and £2,000 for "principal teacher posts", to apply to at least 15% of all teachers; and for head teachers the top of the scale would become £29,500 (compared with £26,250 now). The effect of all this is the reverse of the Government's objectives. It would reduce differentials and give the biggest gains to those who have remained on the present scales 1 and 2.

3. DES estimate the total cost of this package over 4 years (ie comparable to the £1.25 billion offered by the Government) would be about £2.4 billion (or £2.9 billion over 5 years). In other words, about twice the cost of the Government's offer.

I am not sure how this fits with para 5 of Mr Baker's minute.

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4. On conditions of service, the provisional agreement does not go very far. There is a useful agreement that the length of the programmeable year should be 195 days (giving 5 days in addition to normal term time for training etc), but other conditions of service details remain to be resolved.

5. In sum, therefore, the agreement so far is bad in terms of cost, its effect on differentials, and incompleteness on conditions of service.

Next Steps

6. DES expect Sir John Wood (the ACAS Panel Chairman) to hold a early press conference to announce the above outcome and the intention of the two sides to do further work on the details. The Burnham Management Panel will then meet on Friday to consider formally their side of the bargain, to be followed by a meeting of the Teachers' Panel. The employers and teachers will then want to come jointly to the Secretary of State to present him with a fuller worked out document. This could take some weeks, and the Chairman of the employers' side, Mr Pearman, is likely to seek an early meeting with Mr Baker in the meantime. There is a possibility that the employers and unions might decide to go it alone and hold a meeting of the full Burnham Committee to make formal recommendations, but DES at present think this unlikely.

MAIN ISSUE

7. The main issue is how the Government should now respond. We discussed a range of options in the Official Group yesterday, of which the main ones may be summarised as follows:-

- (i) seek to defer any substantive decisions until the early autumn - preferable until Main has reported at the end of September - while making it clear that the present proposals on structure are unacceptable;

(ii) offer to make the £1.25 billion available on the outcome so far, but make it clear that there will be no more; *why - the conditions have not been met.*

(iii) declare that the outcome so far shows that there is no prospect of ACAS coming up with anything acceptable, and set out forthwith the Government's own proposals on pay and conditions;

(iv) make a limited offer for pay increases in 1986-87 only, and announce the intention to replace Burnham by new negotiating arrangements from next April.

8. Option (ii) is clearly out of the question and options (iii) and (iv) would abort ACAS, for which the Government would be widely blamed. The overwhelming consensus in the Official Group was for option (i). Despite the unacceptability of most of what is emerging, Departments thought that it would be wrong to close options now or to take action that would undermine Main. The Government are not in any case ready to announce a replacement mechanism for Burnham (the Main recommendations will be important to this). The objective would, therefore, be to keep the ball in play until Main is available, but at the same time to avoid any impression either that the present package is acceptable to the Government, or that the £1.25 billion would be released unless the conditions attached to it are fully satisfied.

9. If this course is adopted, the line for the Government now to take might therefore be:-

- ✓ - the pay structure so far proposed does not meet the Government's objectives and is unacceptable;
- ✓ - as already stated, the balance of the £1.25 billion will not be released until the conditions attached to it are fully satisfied;

- however, although some progress has been made, the present package is incomplete on conditions of service and the Government will need to see the full details before reaching final decisions; *it is also incomplete - on grounds of teacher's performance*
- the Government will also wish to consider the Main *and an* Report. *approximate pay structure*

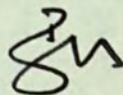
10. Subject to the discussion, and the Education Secretary's report, you may wish to explore whether the Group would agree with a response on the above lines.

FURTHER WORK

11. Following the recent meetings of MISC 122 further work is already in hand by officials on enforceability and on what further temporary arrangements the Government might introduce if necessary in the autumn to give the Secretary of State greater powers to control pay until longer term mechanisms have been devised and the new local government finance system is in place. I am arranging to process this in the official group and to bring it to Ministers in September, when we may know more of the likely outcome of the Main Review in Scotland (at present scheduled to report at the end of September). You may wish to note that this work is in hand.

HANDLING

12. You will wish to ask the Education Secretary to report on the outcome of the ACAS talks and on his view of the line the Government should now take. The Chancellor of the Exchequer will wish to comment on the financial and pay aspects, and other Ministers more generally.



J B UNWIN

29 July 1986
Cabinet Office

old

cc B/S
B/S



P 02206

From: J B UNWIN
29 July 1986

~~MR NORGROVE - No 10~~ *MA*

TEACHERS' PAY: ACAS TALKS

You may like to have the attached copy of the agreement signed last night by the employers and five unions in Coventry.

J B UNWIN

Cabinet Office

HEADS OF AGREEMENT

— As signed 00.15 am 29/7/86
jh

DUTIES

1. The basic contractual requirements of the jobs of teachers (including head teachers and deputy head teachers) should be defined in accordance with the ACAS report on duties and responsibilities, and in particular with annexes A, B and C and paragraph 16 of the report.
2. We acknowledge that there are some activities in which teachers engage over and above what can contractually be required. These activities are greatly valued and should be regarded as part of the full professional role. Teachers' salaries should recognise such activities, notwithstanding their non-contractual status. No such additional work should be taken as implied agreement to or modification of, the individual contract, nor should such additional work, however wide-spread among teachers, be taken as implied variation of the terms of the collective agreement.
3. For individual teachers particular responsibilities should be specified through the medium of a job description, which should be in accordance with the contractual duties and responsibilities laid down in the national agreement. Paragraphs 21 and 22 of the ACAS report on duties and responsibilities should govern the administration of job descriptions.

WORKING TIME, NON-CONTACT TIME AND MAXIMUM CLASS SIZES

4. Time at the direction of the head teacher should be stipulated as a maximum both in terms of hours and days/year. The maximum number of days per year shall be 195 days, inclusive of 5 days beyond the pupil year on activities such as in-service training. The maximum number of hours per year will be negotiated between the parties within the next five months.
5. As a matter of urgency the parties will conclude negotiations on cover to take effect from the autumn term, 1986.
6. At the same time the parties will jointly study and seek to conclude (within five months) negotiations on the following matters -
 - (i) a basis upon which and a formula by which non-contact periods in primary schools can be phased in over an agreed timescale;
 - (ii) the periods of non-contact in secondary schools;
 - (iii) maximum class-contact time per week on average in schools; and
 - (iv) the phased introduction of limits on class size for the different types of classes and schools, on the basis that the limits will be applied flexibly enough to allow for the absorption during the academic year of unplanned additions to school rolls and to permit educationally desirable combinations of classes or groups of children.

MID-DAY SUPERVISION

7. Teachers are not obliged to carry out mid-day supervision.

GRADE AND SALARY STRUCTURE

8. With effect from 1st January 1987 the following grade and salary structure will be introduced:

Entry Grade £7600 £8000

(for new entrants on and from 1.1.87)

Main Professional Grade

£9600	£10000	£10400	£10800	£11200
£11600	£12000	£12400	£12800	£13200
£13600	£14000 (£14500 to be introduced as an additional point from 1.9.87)			

Principal Teachers

At least 15% of all teachers* would be classified as principal teachers. Half of the 15% would receive an allowance of £750 and the other half an allowance of £2000. (There will be further negotiations on the total proportion of all teachers* who would be classified as principal teachers and on the distribution of the allowances).

* including heads and deputies.

Heads and Deputies

	<u>Heads</u>	<u>Deputies</u>
Group 1	£15500	
Group 2	£16000	£14750
Group 3	£16500	
Group 4	£17000	£15000
Group 5	£17750	£15375
Group 6	£18750	£15750
Group 7	£19750	£16250
Group 8	£21000	£16750
Group 9	£22250	£17500
Group 10	£23500	£18250
Group 11	£25000	£19000
Group 12	£26500	£19750
Group 13	£28000	£20500
Group 14	£29500	£21250

Note

1. Allocation of heads and deputies to these groups would be at least in accordance with the existing formula.

2. Nevertheless within the overall cost of these proposals the parties may subsequently agree to change the grouping structure.

Assimilation to the new salary levels will be in accordance with the following principles:

1. Heads and deputies will be phased onto the new salaries in four equal stages on 1.1.87, 1.9.87, 1.9.88 and 1.9.89.
2. Other teachers in post at 1.1.87 will be assimilated to the next higher point on the new structure.
3. Additionally all full-time teachers in post at 1.1.87 (including heads and deputies) will receive during January 1987 a once and for all lump sum payment calculated as the difference between (a) £750 and (b) a quarter of the annual increase received by virtue of the assimilation principles set out in 1 and 2 above. For example a teacher presently on an annual salary of £10986 would be assimilated to an annual salary of £11200 on the new structure, and would therefore receive a once and for all lump sum payment of:

$$750 - \frac{(11200 - 10986)}{4} = 696.5$$

ENTRY GRADE ASSESSMENT AND PERFORMANCE APPRAISAL

10. New entrants to teaching will be subject to a 2 year induction during which they will receive the help of a mentor and should undertake a teaching load of no more than (*); in the final year this percentage should increase so that for at least some of the period the full normal MPG teaching load should be undertaken. Progression from the entry grade to main professional grade will be subject to assessment along the lines identified in the reports of the ACAS working parties on structure and appraisal.
11. The ACAS report on appraisal is endorsed, subject to consideration of notes of reservation submitted by some teachers' organisations to ACAS. Concurrently with that consideration the pilot project described in paragraphs 11, 12 and onwards of that report will be launched without delay.

NEGOTIATING MACHINERY

12. Over the next 4 months the unions and the employers will determine new negotiating machinery covering all nationally negotiable issues between employers and unions.

GENERAL

13. The representatives at these talks will take these heads of agreement back to their constituents with a view to gaining approval for officials to draft a detailed agreement which would then be presented to a reconvened meeting of the representatives present at Coventry. There would then be further necessary ratification of the detailed agreement by the parties.
14. The parties hereby express their pleasure at the progress made in reaching these heads

* A limit to be determined by negotiation between the parties.

of agreement which they hope and believe set them irreversibly on the path to their overall objective of achieving a lasting settlement for the schools. They intend to conduct another fundamental review of all aspects (including the relative position of the main professional grade) covered by the present negotiations in 1990 with a view to implementation of any changes in April 1991 and following years. In the interim, salary negotiations would have regard to information presented by the joint secretaries on outside pay movements, price inflation, local authority finances and any other matters thought to be relevant by either side.

15. Other elements in the Employers' paper presented to the meeting on 25th/28th July will need to be included in the detailed agreement. Examples are employers' responsibilities, special schools, and any necessary safeguarding arrangements.
16. In the light of these heads of agreement, there is no dispute between the parties on the matters covered herein.
17. It is acknowledged that the implementation of this agreement is dependent on the Government providing adequate new money to all local education authorities for its implementation.

Signed by:

For the Teachers' Organisations

D McAvoy
Deputy General Secretary NUT

E G Beynon.....
General Secretary AMMA

D M Hart.....
General Secretary NAHT

P Dawson.....
General Secretary PAT

S M Chapman.....
Deputy Secretary SHA

For the Employers

J D Pearman.....
Employers' Chairman

Date... ^{28th} 28th July 1986 c. 00.15 am

Witnessed by:

Sir John Wood.....
Chairman, ACAS Independent Panel

NOTE

This document records heads of agreement reached between employers and teachers. The Government position has been expressly reserved beyond commitments already entered into and on the record.

The Professional Association of Teachers expresses a reservation concerning paragraph 17 on the grounds that implementation of this agreement is dependent upon many factors in addition to the Government providing a share of the necessary resources.

Signed:

Peter Dawson
General Secretary PAT



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C O N F I D E N T I A L

PRIME MINISTER

SCHOOL TEACHERS' PAY AND CONDITIONS

1. MISC 122 is meeting tomorrow. This minute sets out my assessment of the situation.
2. Early this morning, the local authority employers and 5 teacher unions signed the attached "heads of agreement" document on teachers' pay and conditions. The sixth union, NAS/UWT, refused to sign because the proposed main scale maximum was not high enough for them. However, they have said that they will not seek to block the deal.
3. The shape of the agreement is:
 - entry grade of 2 years, £7,600 and £8,000
 - almost 70% of all teachers on a main professional grade of T3 points, rising from £9,600 to £14,000 in steps of £400; an additional incremental point at £14,500 is to be introduced on 1 September 1987
 - "at least" 15% (to be subject to review) of all teachers to be Principal Teachers, half receiving £750 allowance and half £2,000
 - deputy heads' salaries range from £14,750 to £21,250 by size and type of school
 - heads' salaries range from £15,500 to £29,500 by size and type of school.

Briefly, this means big rewards for those teachers, 60% of the total, now on Scales 1 and 2, current maxima £9,800 and £11,000; near automatic progression for all to a scale maximum of £14,500; limited promotion opportunities; and no special provision to attract and retain the good people we need to teach maths and physics. The broad structure and cost of these proposals are similar to those of the employers' November 1984 package prepared under Conservative leadership.

4. Payment on these new rates would begin on 1 January 1987. There is nothing like the same precision on the conditions side of the equation. The employers have signed an "agreement to agree" at some future date. To pick up the key points:

- teachers' contractual duties are to be as proposed by management, that is including all of the "14 points" attached to our conditional offer of £1,250 million but paragraph 1 of the agreement does not say how this will be given contractual expression

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- a teaching year of 195 days which provides 1 week beyond the pupil year for in-service training
- teacher appraisal is accepted but subject to the NUT's objections to its use for certain management purposes
- the number of hours per year is still to be negotiated
- hours of class contact time and availability of non-contact periods still to be negotiated
- agreement on cover still to be negotiated
- limits on class size still to be negotiated

*Empire debt
N without
No disruption*

This string of deferrals provides ample scope for further concessions by the employers. The last three could prove costly because they could lead to a need for substantial numbers of additional teachers.

5. Mr Pearman has quoted a £2.9bn cost envelope over 5 years. This is not directly compatible with our £1250m additional offer - now worth £1080m because £170m is committed to midday supervision. My Department puts the cost envelope at £2 bn for the four financial years 1986-87 - 1989-90. The year by year figures are:

ESTIMATED COST OF TEACHERS PAY SETTLEMENT (ENGLAND AND WALES)

Financial Year	£1250m		ACAS costs	
	Assumed addition to expenditure provision	Addition to AEG	Expenditure	AEG increase
	A	B	C	D
1986-87	160	76	410	195
1987-88	210	100	400	190
1988-89	300	143	530	252
1989-90	410	195	660	314
Total over 4 years	1080	514	2000	951

6. The ACAS expenditure figures shown above yield percentage increases in the pay bill, as compared with current pay rates, of 7.1% in 1986-87 rising to 11.4% in 1989-90.

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7. In short, it is the sort of outcome from ACAS which Sir Keith Joseph predicted. The shape is not what we want; the duties have not been tied up; and it costs more than we wished. It could easily have been worse. On the second day of this 4 day marathon, the employers might well have brought into play a package costing over £4 billion over 5 years had it not been for the restraining effect of my representative.

8. What now? The final paragraph of the document says that:

"the implementation of this agreement is dependent on the Government providing adequate new money to all local education authorities for its implementation."

There are several steps to be gone through before a final agreement can be presented to the Government. The intention is for the parties to the "heads of agreement" document to gain approval for them from their constituents; then for officials to draw up a detailed agreement for consideration by the parties; then for that agreement to be ratified by the parties. So, there is scope here for us to hold to our current position that we will consider the conclusions of the ACAS process in their entirety when that process is complete. However, we cannot be silent. We need an agreed public stance which will also serve as a line for my representatives to take at a Burnham Management Panel meeting this Friday.

9. I think that it will be possible to hold to the consistent line that we have been taking over recent months setting the availability of our conditional offer of £1,250 million alongside our undertaking to consider the outcome of the ACAS process in full. We have to strike a balance between re-stating our position sufficiently firmly to make clear how defective we find the emerging package yet without causing the employers and unions to abandon the ACAS process, blame the Government and start up disruption in September. This will not be easy. I propose that our line should be as follows:

- the "heads of agreement" document, as its name implies, is not the end of the ACAS process
- a great deal remains to be done. According to occasion, we could a. list the string of deferred items still to be negotiated and b. contrast the certain and specific agreements on pay and the deferments on duties and conditions
- note that these further negotiations will be going on when the report of the Main Committee of Inquiry in Scotland reports in October. The Government is committed to look at the outcome of both processes

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Too weak?

- the proposed pay structure leaves much to be desired. It is not clear how the structure would improve management or teacher motivation. The document does not specify the criteria for awarding principal teacher allowances and the document is completely silent on the recruitment and retention of teachers in the shortage subject areas
- in contrast to the detail on pay, the agreement on conditions and duties is full of holes with important matters, such as number of hours per year, left for future negotiation. The "heads of agreement" document falls far short of a clear and unambiguous agreement on the full professional task required of the teacher
- the Government's £1250 million offer still stands. As the parties have known all along, the money will only be released on the stated conditions.

10. This is a holding position which will serve for the immediate future. In the meantime I have set in hand urgent analysis of the options in line with the decisions at the meeting of MISC 122 you took on 23 July.

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

K.B.

L. Infringibility?

K.B.

Department of Education and Science

29 July 1986

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— As signed 00.15 am 29/7/86
jh

DUTIES

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11. The ACAS report on appraisal is endorsed, subject to consideration of notes of reservation submitted by some teachers' organisations to ACAS. Concurrently with that consideration the pilot project described in paragraphs 11, 12 and onwards of that report will be launched without delay.

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GENERAL

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of agreement which they hope and believe set them irreversibly on the path to their overall objective of achieving a lasting settlement for the schools. They intend to conduct another fundamental review of all aspects (including the relative position of the main professional grade) covered by the present negotiations in 1990 with a view to implementation of any changes in April 1991 and following years. In the interim, salary negotiations would have regard to information presented by the joint secretaries on outside pay movements, price inflation, local authority finances and any other matters thought to be relevant by either side.

15. Other elements in the Employers' paper presented to the meeting on 25th/28th July will need to be included in the detailed agreement. Examples are employers' responsibilities, special schools, and any necessary safeguarding arrangements.
16. In the light of these heads of agreement, there is no dispute between the parties on the matters covered herein.
17. It is acknowledged that the implementation of this agreement is dependent on the Government providing adequate new money to all local education authorities for its implementation.

Signed by:

For the Teachers' Organisations

D McAvoy
Deputy General Secretary NUT

E G Beynon.....
General Secretary AMMA

D M Hart.....
General Secretary NAHT

P Dawson.....
General Secretary PAT

S M Chapman.....
Deputy Secretary SHA

For the Employers

J D Pearman.....
Employers' Chairman

Date... ^{28th} 28th July 1986

c. 00.15 an

Witnessed by:

Sir John Wood.....
Chairman, ACAS Independent Panel

NOTE

This document records heads of agreement reached between employers and teachers. The Government position has been expressly reserved beyond commitments already entered into and on the record.

The Professional Association of Teachers expresses a reservation concerning paragraph 17 on the grounds that implementation of this agreement is dependent upon many factors in addition to the Government providing a share of the necessary resources.

Signed:

Peter Dawson
General Secretary PAT



CONFIDENTIAL

020
P 02203

NBPN

CUBB
From: J B UNWIN
28 July 1986

TEACHERS PAY

I reviewed current developments in the Official Group on Teachers Pay (MISC 123) this morning. The Education Secretary will report the position more fully in the next day or two, but the Prime Minister may find it helpful to have the following summary report in the meantime.

Outcome of ACAS Talks

2. The talks are still going on. But, subject to any untoward developments, the outcome is likely to be as follows. The employers and the teachers' unions (except the NAS/UWT who are said to be content but to wish to consult a special union conference in September) have concluded a provisional "Heads of Agreement Reached so Far". On pay it recommends a two year entry scale (at £7,600 and £8,000) followed by a single main professional scale for the majority of teachers ranging from £9,600 to £14,000 as from 1 January 1987 (£14,500 from September 1987). In addition to this there would be two allowances of £750 and £2,000 for "principal teacher posts"; and for head teachers the top of the scale would become £29,500 (compared with £26,250 now). The effect of all this is the reverse of the Government's objectives. It would reduce differentials and give the biggest gains to those who have remained on the present scales 1 and 2.

3. DES estimate the total cost of this package over 4 years (ie comparable to the £1.25 billion offered by the Government) would be about £2.4 billion (or £2.9 billion over 5 years). In other words, about twice the cost of the Government's offer.

4. On conditions of service, the provisional agreement does not go very far. There may be a useful agreement that the length of the programmeable year should be 195 days (giving 5 days in addition to normal term time for training etc), but other conditions of service details "remain to be resolved".

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5. In sum, therefore, the agreement so far is bad in terms of cost, its effect on differentials, and incompleteness on conditions of service.

Next Steps

7. DES expect Sir John Wood (the ACAS Panel Chairman) to hold a early press conference to announce the above outcome as soon as it is finalised, and the intention of the two sides to do further work on the details. The Burnham Management Panel will then meet on Friday to consider formally their side of the bargain, to be followed by a meeting of the Teachers' Panel "a little later". The employers and teachers will then want to come jointly to the Secretary of State to present him with a fuller worked out document. This could take some weeks, and the Chairman of the employers' side, Mr Pearman, may seek an early meeting with Mr Baker in the meantime. There is a possibility that the employers and unions might decide to go it alone and hold a meeting of the full Burnham Committee to make formal recommendations, but DES at present think this unlikely.

How should the Government react?

7. We discussed a range of options in the Official Group, of which the main ones may be summarised as follows:-

(i) seek to defer any substantive decisions until the early autumn - preferably until Main has reported at the end of September;

(ii) offer to make the £1.25 billion available on the basis of the outcome so far, but make it clear that there will be no more;

(iii) declare that the outcome so far shows that there is no prospect of ACAS coming up with anything acceptable, and set out forthwith the Government's own proposals on pay and conditions;

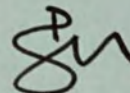
(iv) make a limited offer for pay increases in 1986-87 only, and announce the intention to replace Burnham by new negotiating arrangements from next April.

8. Option (ii) is clearly unjustified and options (iii) and (iv) would abort ACAS. The overwhelming consensus in the Official Group was for option (i) in the form of a "firm deferral". Despite the unacceptability of most of what is emerging, Departments thought that it would be wrong to close options now or to take action that would undermine Main. The Government are not in any case ready to announce a replacement mechanism for Burnham (the Main recommendations will be important to this). The objective would, therefore, be to keep the ball in play until Main is available, but at the same time to avoid any impression either that the present package is acceptable to the Government, or that the £1.25 billion would be released unless the conditions attached to it are fully satisfied.

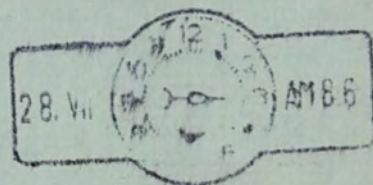
9. If this "firm deferral" course is adopted, the line to take might be broadly as follows:-

- the pay structure so far proposed does not meet the Government's objectives and is unacceptable;
- as already stated, the balance of the £1.25 billion will not be released until the conditions attached to it are satisfied;
- however, although some progress has been made, the present package is incomplete on conditions of service and the Government will need to see the full details before reaching final decisions;
- the Government will also wish to consider the Main Report.

10. I have asked DES officials to report the above conclusion to Mr Baker. If he endorses this approach, I see no need for a further immediate meeting of the Ministerial Group. We are, however, making contingent arrangements for the Ministerial Group to meet in mid September.



J B UNWIN



PRIME MINISTER

DW 28/7.

28 July 1986

TEACHERS' PAY: THE IMMEDIATE RESPONSE BY GOVERNMENTThe ACAS "Agreement"

The ACAS meeting this past weekend is likely to produce a highly unsatisfactory outcome: substantial agreement on much higher pay funded by central government, in return for no - or very little - agreement on conditions, appraisal and negotiating machinery for pay. Indeed, on these matters not only is no agreement being reached between the unions and management, but there is not even agreement among the unions.

The ACAS document is likely to be an agreement on the appropriate "Heads of Agreement".

1. The most detailed area of agreement is Pay Structure: a 2-year entry grade (£7,600) leading, after successful assessment, to a Main Professional Grade (max: £14,500) and a superstructure of Principal Teacher (£750 and £2,000 supplement) and Deputy Heads and Heads (max: £29,500).

This is a victory for the NUT and NAS/UWT who refuse to identify some teachers as better than others. It gives large increases to ordinary teachers, smaller increases for heads, and special allowances only for the Principal Teacher grade and heads.

2. The agreement on Duties, Responsibilities and Conditions of Service is limited to the length of the teaching year and hours of teaching time. Most of the duties, responsibilities and conditions of service of teachers will take months to negotiate.

The NUT has, however, conceded the drawing up of a professional code in addition to contractual duties: but, while valuable, this is likely to be unenforceable.

3. In the area of Appraisal, it looks as if a pilot scheme will be introduced covering six or so LEAs: the concept of appraisal, however, is more akin to career development for teachers rather than genuine evaluation.
4. A commitment to new negotiating machinery, which will be extremely unclear, and which the unions have given themselves 4 months to develop.

Conclusion

The objective of the unions and Labour-led LEAs is highly political: an agreement which will embarrass the Government and which can be rushed through very quickly - because of the likely substance of the MAIN Report. Apparently the unions are fearful of MAIN. The ACAS document is not an agreement: it is specific over pay, but unspecific about teachers' duties.

The Government Response

The Government's response needs to be much more subtle than it has been to date.

1. The Government should welcome those parts of the document which, however vague, point in the right direction - eg acceptance of appraisal, the professional code in addition to contractual duties, the linking of pay and conditions in future negotiating machinery.

2. The Government should point out that the agreement is extremely limited and that in all honesty it can only produce a considered response after ACAS has filled in the large gaps on duties, etc. This will enable the Government to play for time and therefore compare ACAS with MAIN.

3. The Government must criticise those parts of the agreement with which it fundamentally disagrees, eg the pay structure which provides insufficient differentials in pay, and far too few special allowances to deal with London Weighting, inner cities and shortage subjects.

4. The Government must take the initiative over the funding of the proposed agreement: it should invite the LEAs to put forward proposals for increased efficiency in the management of their authorities which will provide the savings to help finance the extra funding.

Brian Griffiths

BRIAN GRIFFITHS

CC BLOP



CONFIDENTIAL

P 02194

PRIME MINISTER

Teachers Pay and Duties

[Minute of 22 July from the Secretary of State for Education and Science]

DECISIONS

1. Decisions are required on:

- 1. The line to be taken by DES Officials in the ACAS discussions on Friday;
- 2. What should be said to the press;
- 3. What work should be set in hand to prepare for handling the final ACAS and Main reports in the autumn, including drafting legislation in case it should be required.

BACKGROUND

2. The ACAS panel has convened a meeting of the parties on Friday and Saturday. The employers are to put forward a draft package including a new contract and proposed new pay scales. As expected, their current proposals are unsatisfactory from the Government's point of view (both costly and defective on pay structure, though not bad on duties and appraisal), and the Group must decide on the line which the DES officials should take.

The Education Secretary's Proposals

3. DES officials have already made it clear that the proposed pay structure does not meet the Government's objectives and that the Government's commitment to additional cost is limited to the £12.5 bn

offer. The Education Secretary therefore suggests that the broad approach should be:

- a. The Government's conditional offer of £1.25 billion over four years remains unaltered;
- b. DES should point out clearly the deficiencies of the pay structure proposals, and reiterate the Government's objectives;
- c. but they should not say definitely that the present package will not meet the conditions for releasing the extra money.

4. There are risks in this. The employers' offer is a long way short of what the Government would wish to achieve, and the figures now on the table could become a floor for negotiations. The chance of obtaining any better outcome through discussion is small. There might therefore be a case for the Government indicating firmly now that the outcome is unacceptable and that additional resources will *not* be provided - ie to withdraw the £1.25 bn. This would, however, be likely to result in the immediate collapse of the ACAS process; the Government would be accused of pulling the rug from under it after five months of negotiation and before the final outcome is clear. This in turn would carry a significant risk of renewed industrial action in September. Negotiations on pay would then revert from ACAS to the Burnham forum, with the likelihood of the employers and unions colluding to force through a high settlement with no progress on terms and conditions. The worthwhile elements of the ACAS package on duties and on appraisal would be irretrievably lost.

5. If ACAS proceed to agreed conclusions in September, the Government may well, of course, be faced with the same dilemma then as it is today. But at least in that case there would be the prospect of deferring decisions until the completion of the Main inquiry on Scotland. My minute of 21 July to Mr Norgrove (which others on MISC 122 have not seen) set out in paragraphs 5-8 how these



issues might be handled in the short term.

6. If the Group endorse the Education Secretary's proposals for the immediate handling of ACAS, it will be necessary to start now work on the strategy for the autumn. Paragraph 16 of my note suggested the work that might be set in hand. This was (for the shorter term):-

(i) a tactical approach for handling ACAS in the period before the publication of Main;

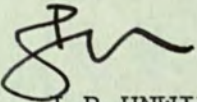
(ii) a tactical approach for handling ACAS and Main when both have been received, together with possible ways of restricting immediate pay increases to the less expensive of the two packages;

(iii) contingent legislation if required to enforce the conditions elements in the packages;

If you agree that this would be sensible the Group might remit these tasks to the Official Group (MISC 123) to report back by mid--September.

HANDLING

7. You will wish to ask the Education Secretary to introduce the discussion. All members will wish to contribute, particularly the Chancellor of the Exchequer. The Scottish Secretary will wish to describe progress on the Main inquiry.


J B UNWIN

23 July 1986
Cabinet Office

CONFIDENTIAL

Prime Minister

Blue

This is worth a discussion. So have a meeting of as many of

PRIME MINISTER

TEACHERS' PAY AND DUTIES: ENGLAND AND WALES

MISC 122 as can be assembled at

The Burnham Management Panel met yesterday to consider the package of proposals to be written up and put to the teacher unions for discussion on 25-26 July in Coventry. The proposals will be put in the employers' name. The leader, Mr John Pearman, has an overall Labour majority and was able to carry his package in employer debate. None argued strongly against or asked for a vote. We expect the proposals to be public by Thursday morning.

17.00
Tomorrow?
N.L.W.
22.7

2. One of my officials will attend the meeting in Coventry and will need to present my position. The purpose of this minute is to advise colleagues of the line that I intend to instruct him to take. The pay proposals agreed yesterday by the employers provide for:

Yes no

- an entry grade with 3 steps running from £7600 to £8400
- a main grade with 12 steps of £400, running from £9600 to £14000, covering over 70% of all teachers
- allowances of £750 or £1500 for principal teachers, these to be some 15% of all teachers
- salaries for Heads and Deputies running from £14250 to £29000 according to the size of school.

The total cost is estimated at 6.7% in the first full year rising to 10.8% in the fourth year, and over 14% at maturity. The Department puts the 4-year cost at over £2000 million. These costings depend on teachers being transferred from their present pay level to the nearest higher point in the new structure.

3. These proposals are far from satisfactory. Not only do they cost more than we have hitherto offered to make available; but the structure is not in line with our policies for greater salary differentials. Those now on Scale 1 would have the prospect of an eventual maximum salary after several increments more than 40% above their present maximum; whereas many of those on Scales 3 and 4, and the Heads and Deputies of large schools, would see their maximum salary rise by 10% or less. This structure would not increase motivation and relative rewards for the best, and would do virtually nothing to help with shortage subjects.

4. The employers' proposals on duties and on appraisal are broadly satisfactory; and they are at present giving nothing away on class sizes or on non-teaching time for teachers during the school day. Their resolution on these points remains to be tested in bargaining with the unions. Any yielding here would also have a pay bill cost.

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5. Mr Pearman professes confidence in reaching outline agreement with the teachers this weekend. I doubt if this will be possible. The unions will want higher pay figures and major concessions on conditions of service. But there is the prospect of an expensive and unsatisfactory accommodation between employers and unions in due course - possibly September, possibly sooner.

6. My representatives have already made it clear that the proposed pay structure does not meet the Government's objectives and that the Government's commitment to additional cost is limited to the £1250 million offer. They have, however, in line with our undertaking to consider the outcome of the ACAS exercise, stopped short of saying the Government will find the outcome unacceptable. Mr Pearman has made it clear that he is unmoved; that he sees the employers' proposals as a basis for negotiation; and that he hopes to present to the Government a package agreed with the teachers which will certainly cost more than the present proposals. He will then say that DES representatives have been at all meetings and have not at any stage said that the Government would find the proposals unacceptable.

7. The question therefore is whether we should now say that the package does not meet our conditions for releasing the extra money, or that the Government would not be prepared to provide grant support for any cost beyond the £1250 million level. If we do, the ACAS exercise would probably collapse. We should probably face the new academic year with immediate and intensified disruption in schools and no chance of settlement by employer-employee negotiation. Moreover, we have made a commitment to consider the outcome of the ACAS process; the public will not understand if we now bring the exercise to a halt by prejudging the final outcome.

8. I propose to instruct my representative to issue another stern warning that the pay structure proposed does not provide more career opportunities for the better teachers, or promotion arrangements and differentials which are likely to recruit, retain and motivate teachers of the right quality across the whole range of school responsibilities. There has to be sufficient flexibility in the salary structure to enable LEAs to manage schools effectively in all parts of the country. My representative will stress the conditions attaching to Keith Joseph's original August 1985 offer and the complementary points made since. He will also stress the importance the Government attaches to uninterrupted education for all children.

9. But I must tell you that I do not expect Mr Pearman to heed this warning. I also judge it likely that Mr Pearman will tell the press how things are going. I propose to authorise my representative also to tell the press what he has said - the Government's position will have to be known accurately. I attach a copy of what I said myself on this subject to the Select Committee on Education, Science and the Arts this morning. I hope that colleagues will adopt this line in any comments they may need to make over the next few days.

10. The Labour Leadership in the local authority associations is clearly in collusion with at least some of the teachers' unions. Events may move quite rapidly at or around the 25-26 July meeting. I will report again next week.

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11. I shall have to finalise my instructions on Thursday, so I would be grateful for any comments by close of play tomorrow 23 July.

12. Copies of this letter go to the Chancellor, other members of MISC 122 and to Sir Robert Armstrong.

RIS

K.B

(Agreed by the Secretary of State and initialled in his absence)

Department of Education and Science

22 July 1986

CONFIDENTIAL

SPEAKING NOTES FOR THE SECRETARY OF STATE, ESAC 22 JULY

TEACHERS' PAY AND DUTIES

The employers are very well aware of the Government's position. We are ready to see increased expenditure on teachers' pay, provided that the agreement ensures progress towards two broad objectives. First there must be a clear statement of teachers' duties linked to their contracts of employment. Secondly, there must be 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, retain and motivate teachers of the right quality across the whole range of school responsibilities. My predecessor expressed these conditions in precisely the same terms when last August he announced the possibility of an extra £1250m expenditure over 4 years. That conditional offer stands, but the employers and teachers must be in no doubt about the importance the Government attaches to the delivery of uninterrupted education of high quality for all children.



cc BUW

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PRIME MINISTER

TEACHERS' PAY

Brian Unwin and John Wiggins have prepared a very useful note below. I had thought that this might be needed to provide the basis for a discussion before the Recess. However, having seen the note, you may feel that there is no need for a meeting.

The main implication of Brian's note for immediate purposes is that it would make sense to make no formal response to the ACAS discussions until Main has reported. You will remember that Misc 122 pointed in this direction at its last meeting when Mr. Baker was commissioned to consider the idea that Main might be invited to review the outcome of ACAS in due course. There is no need to decide this point now, but it would be useful for the official group to consider it and advise.

Agree that Brian Unwin's official group should be invited to consider points (i) - (iii) of paragraph 16 of Brian's minute? The presumption should be that no response will be made to ACAS until Main has reported, but if anyone has any better ideas they should certainly not be ruled out at this stage.

DW ✓
DN
22 July, 1986

If there is a meeting of
MISC 122 tomorrow, as I
suggest, this work can be
commissioned then.

N.W.W.

Teachers pay file



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

~~David Norgrove~~

PS to the Prime Minister

22 July 1986

Dear David

TEACHERS' PAY TALKS

Our Parliamentary Clerk has already sent yours a defensive line to take for Prime Minister's Question Time this afternoon. I now attach the line my Secretary of State decided he would take at ESAC this morning, to which we have added a note for Mr Ridley's use this afternoon.

A fuller letter, setting out the employers' proposals and a line to take on 25/26 July will be sent later today.

I am copying this letter to Robin Young.

Yours sincerely
Shirley Indle

SPEAKING NOTES FOR THE SECRETARY OF STATE, ESAC 22 JULY

TEACHERS' PAY AND DUTIES

[Yes, I have seen today's press reports] The employers are now finalising their proposals for discussion at the [Coventry] meeting on 25/26 July. This follows on from yesterday's discussion by the Burnham Management Panel. [I gather that the employers' proposals will be made public by Thursday morning.]

The employers are very well aware of the Government's position. We are ready to see increased expenditure on teachers' pay, provided that the agreement ensures progress towards two broad objectives. First there must be a clear statement of teachers' duties linked to their contracts of employment. Secondly, there must be 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, retain and motivate teachers of the right quality across the whole range of school responsibilities. My predecessor expressed these conditions in precisely the same terms when last August he announced the possibility of an extra £1250m expenditure over 4 years. That conditional offer stands, but the employers and teachers must be in no doubt about the importance the Government attaches to the delivery of uninterrupted education of high quality for all children.

Q. Will the Government go significantly beyond £1250m. The employers' leader says that a lot more will be needed.

A. [As I have just said] I have nothing to add to the Government's conditional offer which remains on the table. And the ACAS-led discussions are being actively pursued. They are covering a wide range of issues - duties and conditions, appraisal and future negotiating machinery, as well as pay levels and structures.

The Government has made it clear that it will consider the outcome in full but has made no commitment beyond that undertaking. [You would be most surprised if I went further.]

FOR MR RIDLEY'S USE

Q. Does today's statement on Rate Support Grant take account of the conditional offer to allow increased spending on teachers' pay?

A. No. That offer is conditional. If the final outcome of the ACAS-led process is acceptable to the Government, it will then consider what additions should then be made to planned local authority expenditure and to Rate Support Grant.

[Background note - not for use: The "£1250m over 4 years" envelope also allowed for specific grant for new midday supervision arrangements. £170m of the £1250m is being applied to that purpose. The balance of £1080m is conditionally available for pay. Better to deal with unquantified "conditional offer" rather than seek to explain such detail.]



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ECBG
3/1/86

P 2188

From: J B UNWIN
21 July 1986

MR NORGROVE

TEACHERS PAY

As you requested, I have prepared, with Mr Wiggins' help, the attached note which summarises as a basis for discussion the current position on the teachers' pay dispute.

2. Although decisions of substance will not be needed until the early autumn, I think that some urgent further preparatory work is necessary if the Government are not to be at a serious tactical disadvantage. The first requirement is to form some sort of game plan for dealing with ACAS and Main and the immediate decisions that will be required on 1986-87 pay and conditions. Thereafter, substantive decisions will be needed on the longer-term negotiating machinery, although it will not be possible to reach sensible conclusions on this until we see how ACAS and Main turn out.

3. These points are summarised in the conclusions of the note, together with my view that, if the Government are not to risk appearing in an entirely reactive and wrecking light, some further signalling of their requirements should be made very soon. Mr Baker started last Friday by making it clear that the Government would be looking to replace Burnham. I have heard that even this has irritated ACAS, who thought it would have been helpful if these noises had been made much earlier. So time is running out.

J B UNWIN

Cabinet Office

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TEACHERS' PAY

AGREED OBJECTIVES

Ministers have agreed:

(i) The Government cannot stand off completely from the process that determines teachers' pay and conditions;

(ii) Burnham must be replaced (Mr Baker has now publicly asserted this);

(iii) any replacement must as far as possible secure:

(a) affordable pay settlements;

(b) more effective management of teachers' and schools by LEAs;

(c) an end to industrial action;

(d) minimum conflict with the Green Paper local finance proposals.

2. No course open to the Government can meet all these objectives. So the question is which approach offers the best prospect across these objectives taken together.

CONSTRAINTS AND TIMING

3. The Government does not control the timing. It is constrained by ACAS in England and Wales, and Main in Scotland. On present form ACAS will not report until September, but figures and proposals will leak very soon. Main is unlikely to report before the end of September.

4. This suggests that there are 2 problems to negotiate:

(i) Short Term: how to respond immediately to ACAS and Main;

(ii) Longer Term: what longer term machinery on pay and conditions of service should be put in place.

SHORT TERM: ACAS AND MAIN

5. The Government are not committed to any immediate decisions on ACAS. They have said they will consider the results when available. In principle the Government could:

(i) accept in toto - but that would prejudice Main (as well as being costly and defective on other objectives);

(ii) reject immediately and refuse to finance - but that would invite resumption of disruption;

or (iii) announce that full consideration would be given to the implications of ACAS and Main when both were available.

6. In response to Main, the Government could then:

(i) accept in toto, both as regards 1986-87 pay and conditions etc, and as regards longer term machinery;

(ii) reject completely - probably unthinkable;

or (iii) accept selectively (eg it might be possible to accept the recommendations on pay and conditions, but reject those on longer term machinery).

7. The further response to ACAS would then depend on what is in Main. Possibilities for England and Wales would be:

(i) accept ACAS alongside Main (as being essentially compatible) as regards immediate pay and conditions, giving separate condition to longer term machinery;

(ii) accept ACAS as the basis for an immediate settlement, but subject to the advice of an expanded Main Committee (again, dealing separately with longer-term machinery);

(iii) reject ACAS entirely and consult an expanded Main Committee on the application of the Scottish recommendations to England and Wales;

8. The viability of paragraph 7 (ii) and (iii) would, of course, depend on the nature of the ACAS and Main recommendations and the view taken of them by teachers and public opinion. Any rejection of ACAS must run the risk of renewed disruption. Nor would referral of ACAS to an expanded Main Committee guarantee delivery of recommendations significantly tougher than ACAS. Difficulties are in any case likely if ACAS and Main seriously diverge. If, as is likely, Main is tougher, the Scottish unions would stick out for ACAS terms, while the Government would no doubt want to impose the Main terms on England and Wales. The latter could probably only be secured, if at all, by new primary legislation, whereas an immediate settlement that carried a modicum of goodwill should be capable of implementation through existing machinery.

LONGER TERM ARRANGEMENTS

9. The main options considered by Ministers so far are:-

(i) Free Collective Bargainig: likely to be very costly with little or no progress on conditions of service, management etc;

(ii) Standing Advisory Committee (SAC): could be costly and repercussive. But better chance of securing other education objectives;

(iii) Teachers' Negotiating Group (TNG): also likely to be costly, with less progress on other objectives. But easier for Government to reject its recommendations (at risk of renewed disruption).

10. In practice, the choice between these options (or other models) will depend to a large extent on the character of the immediate settlements on pay and conditions and the recommendations of Main on longer-term machinery. If Main produces reasonable pay and conditions recommendations, and also (as seems possible) recommends some form of SAC, it may be hard to resist this. On the other hand, the more teachers get by way of an immediate pay settlement, the less they might be inclined to resist TNG type machinery, although this would remain a potential source of conflict in the future. And if the immediate pay settlement were excessive, an SAC would risk guaranteeing a permanent relative pay lead for teachers (as the Edmund Davies formula does for the police).

11. These considerations suggest that the option the Government chooses should not be permanent. It could be presented as a temporary arrangement after a period of difficulty until such time as more normal bargaining arrangements (? decentralised) could be restored. This could be made explicit in the legislation which might, for example, contain a time limit (say, 5 years) subject to prolonging the arrangements by affirmative resolution procedure.

OTHER ISSUES

12. Any course chosen must also take account of:

(i) the conflict with local government finance policy;

(ii) wider proposals for the future of the education system.

Central v Local Responsibility

13. There is no escape from the dilemma. But a choice has to be made. Unless the Government stands aside completely (which would not stop it being held responsible for the deficiencies of the education system or for high rate increases as a result of excessive teachers pay settlements, or extract it

from its role as partial pay master), any extension of central control would conflict with the Green paper on Local Government Finance. However, a central mechanism were established, this could be justified on the basis that:-

(i) it was (at least in intention) temporary, and the local government finance reforms (in England and Wales) will take a decade or so to complete;

(ii) the education service is different in character from other local services; central Government must, and is so expected by the public, to be directly involved.

The Future of the Education System

14. The proposals identified for further study at the Prime Minister's last meeting on 15 May were:-

- open enrolment -
- Government maintained schools -
- reintroduction of direct grant schools -
- expansion of the assisted places scheme. -

The options of a national education system or separately elected education authorities had previously been ruled out.

15. Although it would be logical to settle the future development of the education system before taking decisions on the arrangements for teachers' pay and conditions now, in practice none of the responses above seems likely to conflict with likely developments. And in any case the response to ACAS and Main simply cannot be postponed if the risk of renewed disruption is to be minimised.

CONCLUSIONS

16. We now need to prepare:

(i) a tactical approach for handling ACAS in the period before the publication of Main (paragraph 5);

(ii) a tactical approach for handling ACAS and Main when both have been received, together with possible ways of restricting immediate pay increases to the less expensive of the two packages (paragraphs 6 and 7);

(iii) contingent legislation if required to enforce the conditions elements in the packages (paragraph 8)

(iv) contingent legislation to set in place an SAC or TNG or other longer-term mechanism (paragraphs 9-11).

17. Conclusions (i) to (iii) are more urgent than (iv), the final decision on which will have to be taken in the light of decisions on the ACAS and Main recommendations. Whichever options are chosen, however, there is a strong case for declaring the Government's requirements well in advance. Mr Baker has already signalled the Government's view that Burnham is unsatisfactory and must be replaced. It is for consideration whether, on the basis of the above analysis, he should now go further and list the Government's main requirements for any replacement system. Otherwise, repudiation of ACAS and/or Main will risk being seen as an entirely wrecking response, resulting from the Government's failure to address the issues responsibly earlier.

PRIME MINISTER

TEACHERS PAY

The Management Side met today. Mr. John Pearman has briefed the press only in general terms, and no figures have been mentioned in public.

In private, the proposal is for an increase of 6.7 per cent in the first year (on top of the 5 per cent or so which has already been paid for 1986/87), rising to 14 per cent after ten years. The increases would be paid on top of the usual annual increases.

DES say the cost of this is not straightforward to calculate, but it is certainly more than the £1¹/₄ billion.

Their first reaction to the package is that the pay structure is not sufficiently differentiated and gives too much money to teachers who have not been promoted.

Mr. Baker is considering overnight whether to recommend that the Government should give some kind of formal comment to the employers for the meeting with the unions at the weekend. He is also to appear before the Select Committee on Education tomorrow, and he may want to clear a line with you early tomorrow. (I imagine that this could be in general terms: that the Government has seen the package, has not had time to consider it in detail, but at first sight it appears to contain some serious weaknesses).

Morgan (Duty Clerk.)

PP David Norgrove

21 July 1986

file Mj

bcc BG



10 DOWNING STREET
LONDON SW1A 2AA

cc LPO
CS, HMT
WD
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DM
P/Gen
SO
CWO
CO

21 July 1986

From the Private Secretary

TEACHERS' PAY AND DUTIES: ENGLAND AND WALES

The Prime Minister has seen your letter to me of 18 July and the letter of the same date from Rachel Lomax which recorded the Chancellor's comments.

As I have already told Rob Smith, the Prime Minister agreed strongly with the points made by the Chancellor. The effects of this settlement could be extremely damaging, if handled badly. This is not simply a matter of the potential cost, with the risk that carries for rate increases and damage to other local authority services, as well as for central government finance. There are also the possible effects on other pay negotiations, with NHS staff not covered by the review bodies now considering a 6 per cent offer, the pace-setting local authority manual workers discussions coming in September, and the new pay round following on. A difficult winter for public sector pay or feelings of "back to Clegg" must equally be avoided, and not solely for the money involved.

The Prime Minister agrees with the Chancellor that the key point to emphasise is that higher pay must be tied closely to agreement on ways to get better teachers and better teaching performance, and that extra money must only be paid out as the improvements are actually delivered. This will be important both for itself - to ensure value for money and to contain the cost in the early years - and to distinguish the teachers' settlement from other public sector pay settlements.

The Prime Minister has noted that public sector pay, including teachers' pay, is in many areas of the country generous by comparison with private sector pay. The problems of recruiting teachers in London may justify higher London weighting but they are not a reason for higher pay in other areas.

The way the discussions are reported during the next few days will be most important, particularly with the very generous RSG settlement to be announced tomorrow. We shall

SS

need to stay closely in touch, together with DOE and the Treasury.

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

David Norgrove

Mrs S J Trundle
Department of Education and Science.

ccBG
✓

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

18 July 1986

Shirley Trundle
Private Secretary
Secretary of State for Education & Science
Elizabeth House
York Road
LONDON SE1 7PH

Dear Shirley

NBP

TEACHERS' PAY AND DUTIES: ENGLAND AND WALES

The Chancellor has seen your ^{WITH SEN?} letter of today about the line which DES representatives should take at Monday's meeting of the Management Panel.

The Chancellor has commented that it is essential that the employers should be left in no doubt about the basis on which the "£1,250 million addition" to their spending was agreed.

This was most firmly linked to the delivery of an acceptable package of reforms which meets the Government's objectives for improved performance by the teaching force, including the key issues of differentiating remuneration so that teachers are rewarded according to their effectiveness and to attract and retain teachers in short supply.

This was made clear at the time, and is reflected in the phasing of the £1,250 million agreed last year. After allowing for the amounts set aside for lunch-time supervision, the phasing of the remainder is £160 million, rising in the fourth year to £410 million, or a 7 per cent increase in teachers' pay. This was designed to ensure that pay increased as, and not before, the improvements were delivered.

While the Chancellor agrees that a final judgement cannot be made until the ACAS talks are completed, he feels that these are the key points which the Secretary of State's representatives must drive home on Monday. The clear message should be that

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the Government is looking for value for money. So far from there being any further money to finance whatever offer the employers choose to make, the release of some or all of the £1,250 million itself depends on the delivery of the educational reforms the Government has already specified.

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

Yours sincerely
Rachel Lomax

RACHEL LOMAX
Principal Private Secretary



DRAFT

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

18 July 1986

Shirley Trundle
Private Secretary
Secretary of State for Education & Science
Elizabeth House
York Road
LONDON SE1 7PH

[The Chancellor approved this draft unchanged. The signed version is not yet available.]

TEACHERS' PAY AND DUTIES: ENGLAND AND WALES

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While the Chancellor agrees that a final judgement cannot be made until the ACAS talks are completed, he feels that these are the key points which the Secretary of State's representatives must drive home on Monday. The clear message should be that



the Government is looking for value for money. So far from there being any further money to finance whatever offer the employers choose to make, the release of some or all of the £1,250 million itself depends on the delivery of the educational reforms the Government has already specified.

I am copying this letter to David Norgrove (Number 10) and the Private Secretaries of the other members of MISC 122.

RACHEL LOMAX
Principal Private Secretary

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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
10 Downing Street
LONDON SW1

18 July 1986

Dear David

TEACHERS' PAY AND DUTIES: ENGLAND AND WALES

1. You and Rob Smith agreed on the telephone last night that a brief note should be circulated setting out the current position adopted by the employers' side in the ACAS talks.

2. The management panel of the Burnham Primary and Secondary Committee meets on Monday to decide upon a text for presentation to the teachers at a residential conference on 25/26 July. The employers committed themselves to offering such a text at the last meeting under Sir John Wood's chairmanship. They said then that it would include "indicative figures" for salaries.

3. We do not know what the panel leader, Mr John Pearman, and his Labour colleagues who hold the majority on the panel have in mind, but must expect the figures to be uncomfortably beyond the £1250m envelope conditionally offered by Keith Joseph last August. It is envisaged that the package will be offered in the employers' name, not that of the management panel as a whole. That is helpful in that the Government will not be associated with the package and can continue to stand apart in the ongoing ACAS-led discussions. But the DES representatives cannot be silent next Monday when the employers discuss what figures they wish to present to the teachers. It would suit the Labour employer majority and the unions very well if their contribution could be construed as denying all possibility of a change in the Government position once the ACAS process is complete. This means they will have to rely on the August 1985 conditional offer made by Sir Keith Joseph and on the Government's declared willingness to consider in full the results of the ACAS exercise when those are available. They will not go on to speculate about the possibility of changes in the Government position at that stage. My Secretary of State has therefore instructed them to contribute to the debate on available

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resources in the following terms:

"These are employer proposals. So you must decide what you would wish to offer to the teachers having regard to your present and prospective financial circumstances. The Government made it clear last August that it was prepared to see a substantial additional expenditure on teachers' pay - the £1250m 4-year envelope - on condition that there was substantial progress towards reform in a number of important related areas, including a more discriminating salary structure involving improved promotion for good teaching and for teachers in short supply. [Add as necessary on the shape of the salary structure proposed.....] The Government conditions also included agreement on a new expression of teachers' professional obligations, clearly linked with contract. It remains to be seen how far those conditions will be met at the end of the day when the ACAS process is complete. Meantime the Government's August 1985 offer stands unamended. No new commitment has been entered into by Government except that they have assured you and others that when the ACAS process is complete the Government will consider the outcome in full. I cannot go beyond that."

4. The package presented to the teachers will of course deal with structure, conditions, appraisal and negotiating machinery as well. The Secretary of State's representatives will contribute as necessary on those aspects. Briefly, the employers are in favour of free collective bargaining not involving the Government - a predictable position; they are sound on appraisal, though that will not go ahead unless the rest of the package runs; they are also quite sound on teachers' contractual obligations, though they underbid for time beyond the pupil year for in-service training etc; and so far they ~~so far~~ have declined to propose the kind of promotion structure we favour so as to be able to reward effective teaching and to attract and retain teachers in short supply.

5. The theory is that the figures agreed on Monday will allow the package to be quickly finalised, for transmission to the teachers next Wednesday evening or Thursday morning. Meantime the employers' position is supposed to be confidential. History suggests that will not be maintained. There may well be substantial press speculation this weekend and the figures seem likely to leak to the media by Monday evening or Tuesday morning. Government will need to keep its distance in any public response that is needed, but using terms such that the employers and unions do not call the ACAS process to a halt on grounds of Government intransigence over resources and lay the blame on Government. The tone of any such response must depend on what is decided on Monday. We shall be in touch with you and other interested Departments as soon as we learn the outcome of Monday's meeting.

6. Copies of this letter go to the Private Secretaries of MISC 122 members and of Sir Robert Armstrong.

Yours sincerely
Stirling Trundle

CONFIDENTIAL

MRS S J TRUNDLE
Private Secretary



1886

PRIME MINISTER

TEACHERS' PAY

DES have now written in with the line they propose their representatives should take in the management panel on Monday. As expected, this follows the line that has been taken since the ACAS talks began.

The Chancellor, predictably and rightly, is concerned that the line may not be forceful enough, and he proposes to sharpen it up in a way which leaves the employers in no doubt about the Government's position, whilst avoiding a confrontation with Mr. Baker on Monday: Mr. Baker argues that there is a risk that if the Government is too firm it could be blamed for causing the ACAS talks to fail.

There is a great deal at stake in this discussion. Each percentage point on teachers' pay costs about £85 million per year. A huge teachers' settlement could have major effects on rate increases, the scope for tax cuts in the next Budget, the quality of other local authority services, or all three.

There are also potential repercussions on other pay negotiations. The teachers' discussions are taking place just as a new pay round is about to begin. NHS staff not covered by review bodies are now considering a 6% offer. The local authority manuals settlement comes up in September. There is widespread discontent about pay in the public services, and a high settlement for teachers could set the scene for a difficult winter.

The Chancellor is I am sure right from all points of view to emphasise the link between higher pay for teachers and securing better teachers and better teaching performance. This point must be established, not solely as a way of justifying the payment of large sums of money, but also in order to distinguish these pay rises for teachers from those for other local authority and public employees.

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Agree to write strongly in support of the Chancellor, drawing on the above? _____

The line may need to be reconsidered and stiffened still further once the figures are known on Monday: it is of course most important that the announcement of the RSG settlement on Tuesday should not unsettle the markets.

Yes - there is also the

point that a higher London

weighting may be justified but

public sector pay in parts of the

country already represents one of the

best jobs that can be obtained

ms

Julie Bowers
Duty Clerk
PP DAVID NORGROVE
18 July 1986

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PRIME MINISTER

TEACHERS' PAY

I understand that the Management Panel (including DES representatives) are to meet on Monday to discuss figures for teachers' pay, to appear in a paper to be circulated for the employers' discussions with the unions during the following weekend (without DES). DES do not know what those figures will be but believe a figure of at least 15 per cent is likely, spread over several years and to be paid over and above the usual annual increases.

The amounts are likely to appear in the press on Tuesday or Wednesday next week. The RSG announcement is of course to be made on Tuesday and the difficulty of that announcement would be increased by stories about teachers' pay.

I have asked the DES to circulate to colleagues the line their representatives intend to take in the Management Panel on Monday, together with the suggested line for DOE to take at the time of the announcement about RSG. This is likely to be, as it has been for the past few months, that £1¹/₄ billion is on the table provided the Government's conditions are met and that the Government will of course consider the results of the ACAS discussions. If the management produce very large figures on Monday, DES representatives will need to take a stronger line than this. It may be better for the Chancellor to propose this rather than you - I have alerted the Treasury - but there could be a need for a meeting early on Monday. (Mr. Baker is away tomorrow).

Morgan Abigail

Duty Clerk

ff

DAVID NORRGROVE

17 July 1986

NBPN.

PRIME MINISTER

16 July 1986

TEACHERS' PAY

Throughout last year, every time there was the prospect of the teachers and the employers finding a settlement to the pay dispute, an article would appear in the Guardian hinting that the DES were about to come forward with their own new proposals, eg to establish an independent inquiry. These leaks made reaching a settlement very much more difficult. Presumably because of these leaks, papers on teachers' pay were made subject to CMO security procedures (subsequently lifted) although some leakage still continued.

Now, with the threat of the ACAS talks reaching a settlement, and in particular with the likelihood of ACAS proposing free collective bargaining for the future (to which the DES are strongly opposed) there has yet again been a damaging leak, and yet again in the Guardian (attached).

Such leaks proved counter-productive to the Government throughout last year, and are almost certain to be equally counter-productive now.

BG.

BRIAN GRIFFITHS

Peter Warry

PETER WARRY

THE GUARDIAN

Baker is ready to axe school 2 pay talks body

By Sarah Boseley,
Education Correspondent.

Mr Kenneth Baker, the Education Secretary, plans to call for the scrapping of the Burnham pay negotiating committee at a local authority conference on Friday.

He may also give the teachers' employers some indication of how much money the Government is prepared to make available for a satisfactory long-term settlement of teachers' pay and conditions at the Council of Local Education Authorities' annual conference in Coventry.

The Labour-led local authorities and the trade unions hope to confront the Government in September at the end of negotiations with a united front and a joint demand for much more money.

The future of the Burnham committee was due to be discussed at a meeting of ministers this week so that Mr Baker can make an announcement.

Mr Baker fears that if the teachers' pay and conditions talks come up with proposals, particularly on contractual duties, which the Government can largely accept, any settlement could be wrecked if it has to go through Burnham.

The committee has to ratify teachers' pay increases. Conditions of service are officially negotiated in the Council of Local Education Authorities/Secondary Teachers, of which one teachers' union is not a member and where it is uncertain how many votes each of the others has.

Mr Baker has been working on alternatives to Burnham which would allow pay and conditions to be decided

jointly, which ministers and the local authorities agree is vital to reform of the profession.

The Department of Education has criticised the employers' preferred alternative, a joint negotiating council, and points continually to Scotland, where the teaching profession has collective bargaining, which has not prevented a pay dispute longer than that in England and Wales.

It seems likely that the department would prefer a pay review body similar to that for doctors, nurses, the armed forces and top civil servants. All parties would make submissions to an independent panel, which would make recommendations for a decision by the Government.

The Government's submissions to the Scottish inquiry on teachers' pay and conditions suggest two possible options. One is that it withdraws from negotiations—at the moment the Government is represented alongside teachers and local authorities—leaving it to decide whether to fund a settlement agreed by other people. The second; that of more government intervention, is far more likely.

If local authorities south of the border follow the example of those in Scotland they will recommend huge increases for teachers' pay next week.

Scottish employers have suggested starting salaries about 30 per cent higher than now, with a maximum of £12,555, a 10.4 per cent increase for secondary teachers and 16.4 per cent for primary teachers. Senior teachers would receive a £13,399 maximum, a 6.7 per cent increase.

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PRIME MINISTER

MISC 122 (86)11: TEACHERS' PAY

I regret that I shall not be able to attend the meeting of MISC 122 today as I shall be meeting the TUC Health Services Committee.

The proposal in the circulated paper that the regulations giving force to the recommendations of a Standing Advisory Committee should be subject to negative resolution is an improvement on the alternative of affirmative resolution. As the paper recognises, however, the need for regulations would nevertheless increase the difficulty of varying such a Committee's recommendations. A Committee would be unlikely to be more moderate in its recommendations than the existing Review Bodies. I therefore remain concerned that the Advisory Committee option would in practice seriously limit our freedom of action in relation to Review Body reports. It could also give rise to pressure for a Parliamentary safeguard in relation to Review Body recommendations.

For these reasons I favour the option of a Teachers' Negotiating Group. I also see some danger that the granting of an independent review mechanism would increase the pressure for such review, including arbitration, from other groups. And we should no longer have the "no industrial action" defence.

I am copying this minute to other members of MISC 122.

A handwritten signature in black ink, appearing to be "N F".

14 July 1986

N F

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10 DOWNING STREET

Prime Minister

DES added the words "after consultation" because they would anyway consult, so there was nothing to lose and it gave a bit of reassurance.

DAW



10 DOWNING STREET

Nigel

The clause has
not been dropped. JRS
are amending it to
make it clear that
regulations will be made
"after consultation".

JRS



CONFIDENTIAL

cc B/UP.

P 02172

Prime Minister

From: J B UNWIN

14 July 1986

MR NORCROVE - No 10

DES
14/7

FUTURE ARRANGEMENTS FOR TEACHERS' PAY
(MR BAKER'S MINUTE OF 11 JULY)

Some brief supplementary comments on Mr Baker's minute:-

(i) follow-up work: Mr Baker predictably supports the Statutory Advisory Committee (SAC) proposal. But he does not seek a final decision now. I think this is right. But it would be desirable to narrow the options. If the Group provisionally favour the SAC, either DES or my Official Group (MISC 123) could be asked to bring detailed proposals, including names, forward for September. It would be particularly helpful, however, to have guidance on the specific grants issue; there is no point in wasting time on this if Ministers are opposed to it;

(ii) CLEA Speech on 18 July: I think Mr Baker's draft would begin to prepare the ground well. While virtually ruling out a free for all, it accepts the need to replace Burnham provided certain criteria are met. These include affordability as well as effective management.

J B UNWIN



PRIME MINISTER

11 July 1986

TEACHERS' PAY

The DES tactics at the meeting on Monday will be to argue:

- a. That a decision on the replacement of Burnham needs to be taken urgently - ACAS reports in September, and the Secretary of State would like to announce something in a speech next week (18 July).
- b. That Burnham should be replaced by a Standing Advisory Committee (SAC) - which is effectively a Pay Review Body - rather than free collective bargaining or a reconstituted Burnham - Teachers Negotiating Group (TNG).
- c. That the Secretary of State sees grave difficulties with either free collective bargaining or the TNG.
- d. That the only explicit decision which should be taken now is to reject free collective bargaining: the choice between SAC and TNG can be deferred, even though the DES express a strong preference for SAC.

How urgent is a decision?

The answer is not at all. There are two important facts to bear in mind.

- i. There is no requirement for any Government decision until after the ACAS talks end.
- ii. Because of the time required for new (controversial) legislation, any new statutory system will not avoid the need to make a large pay settlement following the ACAS talks; nor will it be ready for the 1987 pay

round. If a new Pay Review Body were established, it is unlikely it could report before April 1988 at the earliest.

The new system is therefore unlikely to be operational until after the next General Election.

The reason the DES are insisting on an immediate decision to reject free collective bargaining is that ACAS could well recommend this option: it is the one to which they are totally opposed, and therefore they wish to pre-empt ACAS making such a recommendation.

Criteria for a new body

Any new body will need to satisfy some of the following criteria.

1. Pay and conditions must be linked: The TNG does do this; the SAC gives rather less weight to conditions (the Secretary of State will only have a power over conditions, whereas he has a duty over pay).
2. Affordability must be taken into account: The TNG firmly gets the Treasury vote on the table, but the SAC relies on an unresponsible independent committee. Moreover, if the DES wish to overturn an SAC recommendation, it requires Parliamentary procedure, which is not the case with the TNG.
3. Contracts must be enforceable: The TNG suggests that these would be promulgated by Statutory Instrument in a manner that would deliberately allow auditors or interested parents to open proceedings against delinquent councils.

The SAC proposes more permissive regulation, supported by specific grants. Rather than withholding grant against specific projects which councils wish to undertake, the new version is effectively a fine for not adhering to a policy. Withholding grants has proved to be not without its political difficulties; but fines, which can only hurt the pupils of delinquent authorities, would seem to be a political own goal.

4. The new body must command some degree of public support: In the case of the SAC, this would be achieved by membership of the committee being "balanced", but this would also virtually rule out the Government attempting to overturn (through negative Parliamentary resolution) any of its recommendations, however profligate.

The TNG might be widely perceived as being unfair, as it makes the Government a party to the negotiation and gives the Secretary of State the power "to substitute his own determinations for any or all of the Group's conclusions" (paragraph 5c). It is questionable whether this would be approved by the Lords.

5. Establishment of new machinery should be acceptable to the teachers and their employers: The SAC is unlikely to be popular, and the TNG even less so, especially with union leaders: their members, however, may have very different ideas, especially as part of a package involving a pay settlement.
6. Any new machinery should have minimum knock-on effects for other pay negotiations: Establishing a Pay Review Body for a group that has not declined the strike weapon and was not employed directly by the Government must lead to similar requests from other groups. Moreover, even the existing Review Body groups will

seek parity with the teachers' right to have Parliamentary approval before the recommendations are varied in any way. The TNG, on the other hand, establishes no undesirable precedents.

Probable DES arguments against free collective bargaining and the TNG

- a. "I do not wish to be involved in an annual confrontation with teacher unions" (Secretary of State)

Insisting on affordability in any negotiation inevitably produces confrontation. It is irresponsible of the Secretary of State for Education to be passive in this matter, by simply producing a paper for the SAC and then leaving it to the Treasury to oppose over-generous pay recommendations.

It is also wrong to extrapolate from the experience of the past year: if some element of catching-up is provided for, there is no reason to expect widespread industrial action in future years.

- b. "Parliament may well balk at the powers the TNG gives the Secretary of State"

This is a fair argument. It leads on, however, to one very important conclusion. If you attempt to set up a negotiating body which includes central government as an active participant, you run the risk of giving government either too little or too much power, with the result that you inevitably drift towards a Pay Review Body - independent of government.

But if the body is to be independent of government, why not allow free collective bargaining with government having a veto over the outcome? This is certain to

give government more power over pay determination than it would have through a Pay Review Body.

- c. "Free collective bargaining is possible for manual workers, but not for teachers' pay"

DES are strongly opposed to free collective bargaining, as they claim it would reduce their influence over pay structure and conditions of service. As this might well be the preferred option of both teachers and the LEAs, it would be as well to listen to the ACAS proposals when they are produced, rather than rule them out of court now.

Enforceability

← Enforceability remains a difficult problem under all of the alternatives for determining teachers' pay. Already DES have dropped the "Appraisal of Performance of Teachers" - Clause 37 - from the Education Bill (attached). This gives one no confidence in a DES-inspired and supported SAC being able to deliver anything it recommends on conditions of service.

The alternative would be to ensure that teachers are given a definite contract, which is legally enforceable: in this respect, the ILEA plans (see attached) - following the High Court decision of 22 May to dock the pay of teachers who refuse to cover for absent colleagues - look very encouraging, and the way we should go.

Conclusions

1. There is no need to take a decision on the replacement of Burnham at this stage. You are being forced into making a decision, because the DES wish to pre-empt

ACAS advocating disbanding Burnham in favour of free collective bargaining.

2. The DES are prepared to relinquish power to a Pay Review Body in return for avoiding an annual confrontation: this is simply unacceptable, and therefore the SAC option should be rejected.
3. If the objective of the DES is to have maximum influence over pay, then, as a new body, the TNG is very much better than the SAC: the only problem is how to present it publicly as being fair, in view of the powers it gives to government.
4. Free collective bargaining could well be the best alternative: it should result in lower pay settlements and need not lead to industrial action.

BH.

BRIAN GRIFFITHS

Peter Warry

PETER WARRY

PART IV

MISCELLANEOUS

Appraisal of performance of teachers.

37.—(1) The Secretary of State may by regulations make provision requiring local education authorities, or such other persons as may be prescribed, to secure that the performance of teachers to whom the regulations apply—

- (a) in discharging their duties ; and
- (b) in engaging in other activities connected with the establishments at which they are employed ;

PART IV

is regularly appraised in accordance with such requirements as may be prescribed.

5 (2) The regulations may, in particular, make provision—

(a) requiring the governing bodies of such categories of schools or other establishments as may be prescribed—

10 (i) to secure, so far as it is reasonably practicable for them to do so, that any arrangements made in accordance with the regulations are complied with in relation to their establishments ; and

15 (ii) to provide such assistance to the local education authority as the authority may reasonably require in connection with their obligations under the regulations ;

(b) with respect to the disclosure to teachers of the results of appraisals and the provision of opportunities for them to make representations with respect to those results ; and

20 (c) requiring local education authorities to have regard to the results of appraisals in the exercise of such of their functions as may be prescribed.

25 (3) The regulations may be expressed to apply to any of the following categories of teacher, that is to say teachers employed—

(a) at any school maintained by a local education authority ;

(b) at any special school (whether or not so maintained) ;

30 (c) at any further education establishment provided by a local education authority ;

(d) at any further education establishment designated by regulations made under section 27 of the 1980 Act as an establishment substantially dependent for its maintenance—

35 (i) on assistance from local education authorities ; or

(ii) on grants under section 100(1)(b) of the 1944 Act ;

40 (e) at any school or other establishment which falls within any prescribed class of school, or other establishment, of a kind mentioned in any of paragraphs (a) to (d) above ; or

(f) by a local education authority otherwise than at a school or further education establishment.

UK NEWS-

Ilea plans to dock pay of protest teachers

By David Brindle,
Labour Correspondent

THE CONTROLLING Labour group on the Inner London Education Authority, has decided in principle to begin docking the pay of teachers who refuse to cover for absent colleagues.

The decision, taken in the light of a High Court ruling in May that such pay deductions were justified, has sharpened the atmosphere surrounding negotiations starting today at national level on a new teacher contract.

Unless agreement is reached in the negotiations, Ilea is expected to start making pay deductions in the autumn term. This could provide the spark for resumed disruption of schools in London and throughout England and Wales.

Ilea's move is in response to the policy of the National Union of Teachers in inner London—though not nationally—that there should be no cover for absence other than provision of "supply" or relief teachers.

As a result, Ilea officials say large numbers of pupils have been missing lessons: in the week beginning May 19, 20,000 children lost classes; in the week beginning June 9, the latest for which there are complete figures, 10,000 were sent home because no teachers were available.

Counsel's opinion sought by Ilea is believed to have stated firmly that the authority was both breaching its statutory duty to provide education and breaching its fiduciary duty to penalise teachers who flout contractual commitments.

In the High Court case, Mr Justice Scott ruled that covering for absence was part of a teacher's professional obligation.

The issue is at the heart of today's negotiations, with the NUT offering an explicit contractual commitment to cover on the first day only of an unforeseen absence — the union's national policy—in return for specified limits on class size and guaranteed "non-contact" or non-teaching time.

The talks, at the conciliation service Acas, are expected to adjourn with little progress today.

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P 02169

PRIME MINISTER

Future Arrangements for Teachers' Pay
[MISC 122(86) 11]

MAIN ISSUES AND DECISIONS

1. The main issue for decision is the future arrangements for determining teachers' pay and conditions of employment. Subject to discussion, specific decisions will be needed on:

1. whether the Burnham machinery should be replaced by a Standing Advisory Committee (SAC) or statutory Teachers' Negotiating Group (TNG), or any alternative model;

2. whether specific grants for education spending should be introduced to give the Secretary of State greater leverage.

3. whether the Education Secretary should be authorised to canvass new ideas in a major speech to the Council of Local Education Authorities Conference on 18 July.

2. Final decisions need not be taken now: but the Secretary of State will need to begin indicating the Government's intentions soon if the ground for change is to be prepared and the Government are not to be wholly overtaken by developments on ACAS.

BACKGROUND

3. The Group considered on 2 July proposals from the Education Secretary for reforming the negotiating machinery. They saw some attractions in an SAC, which could give the Government greater influence than now over both pay and the management and conditions of service of the teaching force, although the Chief

Secretary argued that it would not be cost effective and would be repercussive. The Group asked officials to consider further a number of aspects of the proposal, including the problems of enforcement and wider issues such as the relationship with the proposals for reform of local government finance. Officials were also asked to consider further the proposals for using specific grants. Officials' views are set out in the agreed paper circulated with my covering note, MISC 122(86)11.

The Role of the Secretary of State

4. The present arrangements are unsatisfactory and Burnham needs to be replaced. While the Secretary of State is held responsible for the education service, he has no direct influence over salary levels, pay structures, or management. The Report by Officials considers two new mechanisms - the SAC and the TNG - designed to give him greater control. These necessarily imply a reduced role for local authorities, and so run counter to the thrust of the recent Green Paper which relies on local accountability (rather than Government control) as the main constraint on local authorities. But it can reasonably be argued that the education service is different in character from other local authority services; and the fact is that it is simply not possible to square both approaches completely. The Group may well, therefore, conclude that there is no alternative to the Secretary of State seeking a more direct influence than at present.

SAC or TNG?

6. We considered two models in the Official Group. In each case the Secretary of State would retain ultimate responsibility for defining teachers' pay and conditions of service, with the power (subject to constraints) to substitute his own judgement if necessary. The two models are:

i. a Standing Advisory Committee, which would take negotiations out of the hands of the local authorities and unions, relying instead on a group of independent people to advise the Secretary of State. This approach is favoured by the Education and Scottish Secretaries, but opposed by Treasury Ministers.

ii. Statutory Teachers' Negotiating Groups, one for primary and secondary schools, and another for the further education sector. This model emerged at a late stage from the Treasury, as a counter to the Education Secretary's proposal. As now, the local authorities and unions would be parties to the negotiation, but the Secretary of State would have an enhanced role. In addition to his new power to override agreements and to refer disagreements to binding arbitration, he would have an increased voting power in order to influence negotiation from the outset.

7. Both models must be judged against a number of criteria. Neither is likely to be welcomed by the local authorities or unions, so either one would have to be imposed. The TNG is likely to provoke a more hostile reaction, and could well lead to renewed disruption. An SAG would be more difficult to oppose if it were presented carefully and seen by the general public and many teachers as a reasonable and constructive move on the Government's part. There is a risk that either could result in high awards. It might be easier for the Government to reject the outcome of TNGs than of an SAC, but on the other hand there is a greater chance of an SAC producing sensible packages on pay and conditions. In practice, much will depend on the line taken by the local authorities: if were they were sympathetic to the Government's objectives, it might be possible for a TNG (backed up by binding arbitration) to make considerable progress. But if, as immediately seems likely, the employers side with the unions, combining to out outvote the Government, the TNG will

merely focus the confrontation with the Government and force extensive use of the Parliamentary override. (In the current ACAS negotiations "the eventual strategy is for the Labour--controlled employers to concoct a united front and to present the Government with a package of reforms with a price tag which Ministers will refuse to pay at their peril" - Times 10 July.)

Enforcement

8. The new statutory arrangements would give the Secretary of State powers effectively to write new contracts for teachers. But they could not guarantee that local authorities would implement the recommendations on conditions of service endorsed by the Secretary of State or manage the teacher force in the way the Government intended. The official Group explored two approaches to this problem. First, the use of the courts. This has proved largely ineffective hitherto, but it might be possible to place new duties on local authorities which would strengthen the hand of Government or of parents in seeking rulings to force local authorities to be robust and effective managers. In the time available we were not able to explore this in sufficient detail and more work would need to be done.

9. Second, this might be backed up with financial incentives, through the use of specific grants. The Education Secretary is seeking to have £250-300 million of Exchequer grant diverted to him to allocate at his discretion, so that he can exercise greater leverage over local authorities. This is opposed by Treasury and Local Government Ministers, and not supported by the Scottish Secretary. The key issue is one of effectiveness. If the power could be used successfully, the gains in better education would outweigh the further erosion of the block grant system. But in practice, since the grants (unlike other specific grants) would not be related to specific spending projects, it is not clear that the Secretary of State would be able to exercise an effective influence.

Timing and Consultation

10. Time seems to be running out. In England and Wales, the ACAS process is coming to a head. The employers have promised to draw up a formal offer of a new employment contract and salary structure within two weeks, and, although final decisions are not due until September, figures and proposals will be in play from the end of this month. The Government must be in a position to respond effectively as soon as the ACAS outcome is clear (although the result of ACAS and of Main in Scotland will have to be processed at least initially through the existing machinery). Moreover, it would presumably be necessary to engage in a period of consultation before introducing legislation to change fundamentally the present negotiating machinery. Since the legislation may need to be enacted before April 1987 the Bill would have to be introduced promptly, which would require consultation to begin very soon in the autumn. So even if final decisions are not taken now, it will be necessary for the Departments concerned to have authority to develop one or both models to the point at which a convincing consultation document could be published.

11. If Ministers can reach any decisions on the above issues, there is also a strong case for the Secretary of State beginning to signal the Government's intentions. At a minimum, he might indicate that the Government are dissatisfied with the existing Burnham machinery, which has proved absolutely ineffective. Beyond that, he might indicate in broad terms, and without commitment, the ideas the Government have in mind, even if he cannot go so far as to say that he specifically favours an SAC.

I understand that the Education Secretary may be minuting to you later today to commend his own preferred proposal and to seek authority to work it up in greater detail and to start giving some public indication of his thinking.

Yes -
minute
below.

Scotland

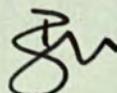
12. The Scottish position is summarised at Annex C of the official Group's paper. This reports inter alia that the Main Committee have already received much evidence arguing in favour of some form of review body, and that they may well recommend this, at least for the longer term. The Scottish Secretary himself favours this proposal. The key point, however, is that whatever model were adopted for England and Wales would almost certainly need to be replicated in Scotland. Further consideration would therefore need to be given to the implications of this and to how the Scottish Secretary should handle it in relation to the likely timing and content of the Main Committee's recommendations.

Other Education Proposals

13. We did not discuss these in the Official Group since not all officials or Ministers in the Departments represented are privy to the separate discussions you have held. There is, however, a brief reference in the second sentence of paragraph 15 reflecting the view of DES and ourselves that neither of these models need conflict with the proposals you have been considering. I imagine that you will not wish to discuss this in any detail, if at all at this stage, in this Group.

Handling

14. You will wish to invite the Secretary of State for Education and Science to introduce the discussion. The other Education Ministers may also wish to comment. The Chancellor of the Exchequer will wish to respond. The Environment Secretary will wish to comment on the Local Government finance aspects, and the Employment Secretary on the industrial relations aspects. The Chief Whip will have view on the political and parliamentary handling.



J B UNWIN

July
11 June 1986
Cabinet Office

2 B9
B/uy

PRIME MINISTER

MISC 122: TEACHERS' PAY AND CONDITIONS OF SERVICE

1. We are meeting on Monday in MISC 122. We need a decision that will enable us to move forward and put ourselves in the best possible position to act quickly in September when ACAS reports.

2. ACAS met on 9 July. The working groups' papers on pay, negotiating arrangements, conditions of service, and appraisal were received as statements of ground covered, recognising the various reservations expressed by the interests concerned. The papers will now be raw material for negotiations or, failing successful negotiations, a report from Sir John Wood. The management side will offer proposals, across the whole field, and including "indicative" pay figures, just before a two-day meeting on 25/26 July. Statements already made by Mr Pearman imply that those indicative figures will be above the levels implied by the £1250 million offer. The figures will presumably then form a baseline for negotiations.

3. It is impossible to be certain about the exact course of subsequent events. Negotiations chaired by Sir John Wood, leading to a package agreed between authorities and unions is one possibility. Against it is the continued firm resistance of the NUT to packages covering both pay and other conditions. Recommendations from Sir John Wood are another possibility. It seems clear, however, that one way or another we shall soon face a demand, probably in September, for a lot more money for teachers' pay, well above the amount implied by the £1250 million package. Associated with this there will be proposals for pay scales and conditions of service that are defective, in our view, in that they will not provide

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effective incentives for classroom teachers to perform well throughout their careers and will do nothing to ease the shortages in key subjects like maths, physics and technology.

4. We have three objectives. We want the lowest pay settlements for teachers that are consistent with our educational aims. We want to avoid further disruption in the schools. We want effective management of the schools and teachers by the local authorities.

5. Between now and the Election, avoiding disruption will be particularly important. Some of the teacher unions have made no secret of their readiness to resume disruption in the autumn if they don't like the outcome of the ACAS talks. We shall have to decide then what we are prepared to concede in grant and expenditure terms in order to avoid disruption. But we must also remember that all three objectives are important both in the immediate future and the longer term.

6. Our decisions in September must therefore not only achieve "no disruption". We must also secure, especially in the slightly longer term, management compatible with our educational objectives. That means such things as freedom for authorities to use pay differentials to recruit and retain good teachers of shortage subjects. It means securing a precise contractual requirement on teachers to cover for absent colleagues - following the Scott judgment - for reasonable periods of time. It means securing a contractual obligation on teachers to participate in curriculum development work, examination developments and in-service training. It means providing effective incentives for classroom teachers to perform well throughout their careers. And it means securing an incentive for local education authorities to implement these things.

7. "No disruption" probably means substantial extra pay spread over 1986-87 and 1987-88 with consequences for later years. We cannot decide this now, but we must recognise

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that any 1986-87 pay element may have to be got through Burnham. We should however be aiming to secure any 1987-88 element through a new pay determining system.

8. The paper from the official group recognises three broad options: repeal Burnham and let employers and employees negotiate how they will; create a new statutory negotiating committee - a reformed Burnham; and create a third party solution - the statutory advisory committee.

9. The paper rules out the first option. In practice it could mean that in September we would aim to pay as little as may be essential to avoid disruption, while undertaking to repeal the Remuneration of Teachers Act before Christmas and allow the authorities and the teachers to set up what non-statutory negotiating arrangements they wish. If that were to lead to individual authorities negotiating with their own teachers it might be a valuable development. But it is clear that both the local authority associations and the teachers' unions would strongly favour continuing with national negotiations. It is also clear that this course would not yield adequate differentials in the pay structure. Weak authorities would give way on conditions of service and undermine the resolve of the rest. Our own capability to influence the pay structure and conditions of service would be much reduced. I agree we should not pursue this option.

10. Treasury officials have suggested a new statutory negotiating committee, with a statutory override power for the Secretary of State. I do not favour this. It would be strongly resisted by both authorities and teacher unions, with the full support of the teaching profession as a whole and much of public opinion. The override power would be a recipe for annual confrontation. It would mean, in effect, Cabinet determination of teachers' pay and conditions of service - a very substantial centralisation. It would be difficult to get through the House of Commons and might be rejected by the Lords. And unless any such proposal were accompanied by a very generous immediate settlement it would cause immediate disruption in the schools.

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11. I favour the alternative of setting up a statutory advisory body for teachers' pay and conditions of service, along the lines set out in the paper by officials and accompanied by enforcement regulations and specific grant influence over the authorities. I continue to believe, however, that we should not take a final decision on this matter now. We should now instruct officials to prepare detailed proposals for such an advisory body so that we can be in a position to ~~announce our decision~~ to carry through the necessary legislation as soon as convenient after ACAS reports if that is what we then wish to do.

12. I had a meeting this week with the leading local authority members on the Burnham Further Education Committee. It is quite clear to me that Mr Pearman is cooking up "restructuring" proposals with NATFHE to present to me in October/November. I made it clear that they must seek efficiency savings to match any additional expenditure they may envisage. If Burnham is allowed to continue we must soon expect confrontation in further education as well as the schools.

13. It remains in my view essential for me to touch on this subject in my speech to the Council of Local Education Authorities on 18 July. I attach the form of words I propose to use, designed to avoid upsetting the ACAS applecart while registering the Government's determination to see a better method of determining teachers' pay and conditions of service put in place.

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

K. S.

Department of Education and Science

11 July 1986

CONFIDENTIAL

EXTRACT FROM CLEA SPEECH

Teachers' Pay and Conditions of Service

30. Meanwhile, let me say a word about teachers' pay and conditions of service in further education as well as in schools. I am well aware of the hard work and constructive effort being made by both the local authorities and the teachers in the talks currently in progress under ACAS guidance. I recognise the very great importance of those talks yielding a successful outcome. And while I want today to make it clear that I recognise both the importance of the discussions and the quality of the input being provided by the local authorities and the teacher unions, I do not want to say anything that might interfere with the negotiating process. I would simply confirm what has already been made abundantly clear, that the Government will wish carefully to consider the whole outcome of the talks when that is available.

31. I do however want to say something about the negotiating arrangements that might be appropriate in the future. I recognise that this is one subject within the scope of the ACAS-led discussions, but it also goes wider than those discussions.

32. You asked my predecessor to repeal the Remuneration of Teachers Act. Your suggestion is that the local authority employers and the teacher unions would then establish voluntary collective bargaining arrangements covering both pay and other conditions of service. An earlier suggestion was that the present Act should be amended to provide for a statutory negotiating committee which would deal with both pay and other conditions of service.

33. I recognise that the Burnham machinery has not worked satisfactorily during the last few years. The very existence of the ACAS-led discussions at the present time provides evidence that it has not been possible to resolve the problems within the Burnham Committee. And in the further education field much of the negotiating work has been taken outside the formal Burnham Committee.

34. I accept therefore that there are strong grounds for seeking a change in the statutory position. But before any change is made we need to be as clear as we can why the existing machinery has not been working satisfactorily. We also have to be sure that the new arrangements - whatever it is decided they should be - will work better.

35. It is suggested that the Burnham Committees are too large, subject to too many rules, that they only have statutory responsibilities for pay and not for the other conditions of service, and that these are the reasons why the machinery has not been working well. I accept that there is substance in these points. But it does not follow that the establishment of voluntary arrangements, covering pay and other conditions of service, involving fewer people in the direct negotiating process, and according more flexibility in operation, would work much better.

36. The problem may not lie in the machinery so much as in the difficulty of reconciling the diverse interests and views of the local authorities and the teachers, and of finding outcomes which are consistent with the financing arrangements for local authorities. If so, then simple repeal of the Remuneration of Teachers Act does not seem likely to produce a better result.

37. Before deciding to legislate for change in the present arrangements, the Government must first have good reasons for believing that the change will result in settlements on pay and other conditions of service without disruption of the schools. The new arrangements must produce settlements which have proper regard to the need to staff the schools in competition with other employers while taking account also of affordability and the national economy. We must also have reason to expect settlements which will support the effective management of the service and provide for the proper career-long development of individual teachers. And we shall want to be satisfied that this is true across further education as well as the schools.



1 July 1986

MISC 122: TEACHERS' PAY AND SPECIFIC GRANTS FOR EDUCATION

Taken together these two proposals are a radical shift towards creating a centralised, national education system. They involve a major enhancement of the powers of the DES and will doubtless be followed by a demand for increased staffing. As with the police, (in which the Home Office determine police numbers) the logic of a specific grant (because of the need to to contain the growth in expenditure) is that the DES will plan and direct the education system in ever greater detail.

If implemented therefore these proposals will not only pre-empt radical options such as Norman Tebbit's contract scheme but any move to greater parental choice through education credits.

Our strong recommendation is that both proposals should be rejected and in both cases other alternatives explored.

Specific Grant for Education

At present the Education Support Grant amounts to 1% of schools expenditure (which is roughly £11 billion); the new proposal is that the specific grant should amount to 100%!

The major arguments against are laid out in paragraph 10. The following points about the proposal need to be emphasised:

- i. it will lead to higher public spending (because of a lack of virement);
- ii. because of this the DES will get drawn more and more into the detailed administration of schools;

iii. it pre-empts all discussion of any radical change in education, on the grounds that applying the specific grant will take time to show results.

iv. it is highly unlikely that it will ever produce results.

This last point needs to be developed. Imagine an authority with a militant education committee, fundamentally opposed to appraisal and facing a cut in the specific grant. They respond by closing a school and increasing the rates. As a result our opponents are handed a ready made stick with which to beat us.

Two further points need to be made. First, you cannot extrapolate from the alleged success of the present ESG which accounts for 1% of expenditure to a specific grant which could account for 100%. To the extent that the present system of ESG enables DES to raise standards it does so by helping a well-intentioned Chief Education Officer to implement a small and non-contentious scheme. But to introduce a specific grant for major tracts of schools expenditure invites judicial review.

Second, TVEI is not a good example of a general specific grant, partly for the reason just given and partly because TVEI expenditure has not yet been judged by results, only intentions.

The crunch for TVEI will come when TVEI money has to be withdrawn because of a failure to deliver. It is interesting that TVEI has not been taken up by the most left-wing local authorities which are the very ones who will be most troublesome in terms of implementing an appraisal system through specific grant.

In addition, if TVEI is used as an example it bodes ill for extra DES staff. TVEI expenditure of £260m so far has resulted in extra administrative (not teaching) staff of between 160-170. If the specific grant is extended to £1 billion DES will need a major expansion.

Teachers' Pay Review

If it were possible to establish a Teachers' Pay Review Body which:

- involved a no-industrial action commitment by unions;
- took 'more account of market forces and management needs' than at present;
- and avoided excessive wage settlements

it would be of enormous national advantage.

But the very paragraph which make these claims also states that as a result of setting up such a body 'pay levels might be higher than we would prefer; and some new provisions affecting teachers' duties might be less attractive to us, such as maximum contract hours for teachers'. (Paragraph 11).

As the Appendix to the Chief Secretary's note shows existing pay review bodies have made excessive, not average, pay awards. In addition, they would almost certainly ossify the education labour market; and in view of the industrial action of the past 18 months the unions would again almost certainly totally reject a no-industrial action commitment.

Recommendations

1. Reject the DES proposals.
2. Invite the Chief Secretary to expand the final paragraph (11) of his note which mentions alternative systems for pay settlement.
3. The specific grant proposal is closely tied up with radical options. There are many ways of improving management competence - not least by giving individual schools greater management responsibility over their budgets (Audit Commission) and allowing parents increased choice (open enrolment and educational credits). Invite the Secretary of State to consider alternatives to the specific grant proposal.

BG.

BRIAN GRIFFITHS



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PRIME MINISTER

TEACHERS' PAY

I have read with interest Kenneth Baker's papers for MISC 122 on the Review Body/Advisory Committee option and on specific grants.

I support Kenneth's proposal for an advisory committee. I can appreciate his need to have this option open to him in the autumn, for I shall face much the same problem in Scotland when the Main Committee reports. There is now a strong current of opinion in Scotland in favour of some form of review body for teachers. The employers and three of the teachers' unions favour it, and so do the churches. Only the EIS is conspicuously opposed, and even it advocates a periodic independent review. The Main Committee may well conclude, whatever we say, that a standing review in some form offers the best prospect for the long-term stability which the school system now so badly needs.

I believe Kenneth may be right in his judgement that the teachers would reject the offer of a no-strike agreement. Even in some of our independent schools, where the teachers are not militant, I am told that those employers who have mooted the idea have met a hostile response. In cases such as the nurses it is understood that as a matter of professional discipline they will not strike, but even so there is no formal agreement. On the other hand, if the teachers were seen to have the protection of independent review arrangements I agree that they would be under very considerable pressure from public opinion not to engage in disruptive action in future.

I would propose therefore, that if colleagues accept the proposition for England and Wales we should also stand prepared, at some stage after the Main Committee has

reported, to announce that we shall introduce the same arrangements in Scotland. The mechanics would need further consideration: it would be necessary to take proper account of the different structures of the Scottish system and at the same time to ensure that Scotland and England did not get seriously out of line in general pay levels. We should need to discuss whether these needs would be best met by a single body for Great Britain or by two committees with some formal linkage.

The path towards this end will be more straightforward if the Main Committee's Report points in the same direction. It would be very damaging to our position if we were to appear to be referring the Main recommendations on pay and conditions directly to yet another advisory body. Main must produce a report which can serve as a basis for an immediate settlement: some at least of its recommendations will be expected to involve a degree of back-dating to April 1986. For that reason, although I accept that Kenneth Baker would need to announce his intentions quickly on the completion of the ACAS process, I would want to reserve my position in public until after Main had reported.

Meantime however I should want my officials, in giving evidence to the Main Committee, to guide the Committee's thinking on the review body question in the direction of the kind of structure we are now considering, without however leading the Committee to suppose that the Government was in any degree committed to it. At the end of the day the idea is likely to get a much better public reception (and the Government is likely to get more credit for accepting it) if it appears to come spontaneously from the Committee than if the Government is seen to have planted it in advance.

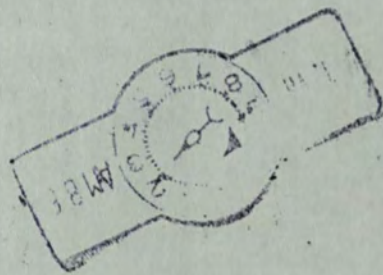
I have also seen Kenneth Baker's separate paper on Specific Grants. Although, as he points out, there are powers such as he seeks embodied in the Education (Scotland) Act, it has not yet been necessary in Scottish circumstances to deploy them in the kind of way which he proposes.

I am copying this minute to members of MISC 122.

MR.

1 July 1986

HMP17804





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P 02143

PRIME MINISTER

A Standing Advisory Committee on Teachers' Pay
[MISC 122(86) 9]

MAIN ISSUE AND DECISIONS

1. The main issue is whether to replace the Burnham Committee with a statutory Standing Advisory Committee (SAC) to advise the Secretary of State for Education and Science on teachers' pay and conditions of service; and if so whether the Secretary of State should be authorised to indicate in a speech to the Council of Local Education Authorities Conference on 18 July that new options should be considered, but that change would only be introduced if there were a prospect of delivering pay and conditions of service without industrial action, with due regard to affordability and the needs of the teaching service.

BACKGROUND

2. On 17 June, the Group considered what negotiating machinery might replace the existing Burnham arrangements, which had proved ineffective. The Education Secretary put forward two broad approaches. Under one, the local authorities and the unions would be free to devise their own negotiating arrangements, which would probably be similar to those for other local authority groups. This would distance the Government from the negotiations, although the Secretary of State would need to retain some influence through, for example, the use of specific grants. The other approach was to replace Burnham with a SAC, with the Secretary of State carrying the ultimate responsibility for determining pay levels etc. The Group recognised attractions in the SAC proposal, but also recognised that the financial and other implications for the relationship between the Government

and the local authorities as employers needed further consideration. The Education Secretary was invited to circulate further proposals. (MISC 122(86) 6th Meeting.)

The Secretary of State's Proposal

3. In his paper MISC 122(86) 9 the Secretary of State puts forward a model of how a SAC might work. The key features are:

i. A statutory, Standing Independent Advisory Committee, appointed by the Secretary of State.

ii. The SAC to be required to take account of the views of local authorities, the unions and Government.

*affordability
marker*

iii. The SAC to advise on the structure and levels of teachers' pay and other conditions of service. That advice to extend to recommendations on what features of pay and other conditions should apply nationally, and what matters should be left for local consideration and decision.

iv. The SAC to report to the Secretary of State. The Secretary of State should be free to accept the recommendations or substitute his own determination, subject to affirmative resolutions in both Houses.

4. Mr Baker's first suggestion was that an advisory body should report every four or five years; although the current paper is not explicit, it appears that he envisages an annual report by the statutory SAC which he now puts forward.

The Merits of an SAC

5. The arguments for and against an SAC - in effect a review body with terms extended to cover conditions as well as pay - were set out in the earlier report by officials which the Group considered in February (MISC 122(86) 6). An SAC would put in the

*below in your
folder*

hands of an independent party the pay of a very large number of local authority workers; it could be seen as an undesirable concession to anti-social behaviour; and it might recommend higher than average pay increases justified by reference to comparability rather than to market factors like recruitment and retention or to affordability. (The annexed table, originally circulated with MISC 122(86)6, shows how the earnings of various public sector groups have changed in relation to average earnings over the period 1970-1984).

6. As against this, an SAC offers the only reasonable prospect identified so far of breaking out of the present impasse. It would bring together in one forum pay and conditions of service, it would side step the rivalry and distrust between the teachers' unions and the division of financial powers and responsibilities between the Government and local authorities, and it would restore to the the Secretary of State a discretion to reject high settlements in the national interest. It could also provide a way to respond to real market pressures (eg shortages in particular disciplines or particular localities) without the effects necessarily spreading in an inflationary way throughout the profession. Moreover, given that the Labour Party now controls the employers side, it seems almost certain that Burnham (or any other negotiating machinery which might replace it) would concede substantial rises for teachers over the next few years, but without any concomitant progress on better management, pay differentiation and more clearly defined terms and conditions. The Education Secretary's judgement, therefore, is not that an SAC is an ideal solution, but that it offers the most realistic chance of progress towards the Govenment's objectives over the next few years.

Practical Considerations

7. There are, however, a number of issues which may require further thought:

i. A No-Strike Agreement?

The Government agreed to establish the nurses' review body partly in recognition that nurses had exhausted industrial action; and the Group at their last meeting envisaged that the establishment of any similar body for teachers would have to be linked to an agreement not to take industrial action, including disruptive action short of striking. The Education Secretary's judgement is that it is unlikely that teachers would be willing to accept a no-strike agreement (since they would not regard the SAC as a bonus to be bought at such a price), but he argues that the ability of the unions and the willingness of individual teachers to disrupt would be much reduced by the establishment of a SAC.

ii. Enforcement

For all the groups covered by existing pay review bodies the Government is effectively the employer, and can therefore ensure that recommendations are implemented. In the case of teachers the SAC's terms of reference would extend to conditions of service as well as pay; and the local authorities are the employers. It will clearly not be straightforward to establish a regime which ensures that individual local authorities and schools actually enforce the non-pay elements of any set of recommendations by the SAC. The proposed specific grant (see my separate brief) might provide one lever. Although a good deal more thought needs to be given to how it could be used effectively, no one has come up with a better idea (short of a major switch of financing responsibility from local to central government).

iii. Financial Consequences

If the Secretary of State is himself ultimately responsible for determining pay levels, local authorities will look to him to provide the resources necessary to implement his decisions. Decision on levels of RSG and on expenditure limits for rate capped authorities will have to reflect his decisions: by taking responsibility for the arrangements for fixing teachers' pay, the Government will have given up the option of leaving it entirely to the local authorities to cope with the financial consequences of further settlements.

8. If the Group is inclined towards accepting the proposal for a SAC, officials might be commissioned to examine in greater detail how it would work and how these three particular problems might be handled. The official group (MISC 123), which I chair, would be an appropriate forum.

PRESENTATION

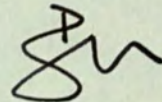
9. The ACAS working party on future negotiating machinery has almost finished its work, and is no longer a suitable forum to launch the idea of an SAC. The Education Secretary therefore suggests that no formal announcement should be made until ACAS has reported (ie in September); in the meantime he should indicate in a speech to the Council of Local Education Authorities Conference on 18 July that new options should be considered, but that changes would only be introduced if there were a prospect of delivering pay and conditions of service without industrial action, with due regard to affordability and the needs of the teaching service.

HANDLING

10. You will wish to invite the Education Secretary to introduce his paper, and the Scottish Secretary to add any comments. The Chief Secretary, Treasury will wish to put the case against a review body. The Social Services Secretary has

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been invited because of the possible implications for the existing review body arrangements for the NHS. The Lord President will have views on the Parliamentary aspects, and the implications for the legislative programme of the possibility of a Bill in the next session to abolish the Burnham machinery (which seems likely to be needed in any event).



J B UNWIN

1 July 1986
Cabinet Office

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TABLE I

EARNINGS AS PERCENTAGE OF AVERAGE EARNINGS OF ALL ADULTS

	1970	1974	1980	1984
Teacher Scale 1 Max	155	155	115	110
Headteacher (Primary)	213	225	168	162
Principal Max	290	265	245	210
EO Max	135	130	120	100
Local Authority Grade 4 Max	135	120	100	95
Local Authority Prin. O., Max	280	250	200	190
Ward sister Max	115	95	120	108
NHS Sen. Admin O. Max	150	150	135	115
Police Constable Max	98	100	115	125
Police Supt. Max	205	190	210	240
Staff Sergeant Max	150	140	140	135
Capt. (Army) Max	190	170	160	160
General Practitioner Max	355	285	285	265

Source: New Earnings Survey



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Postscript

Teachers' Pay: The Review Body/Advisory Committee Option
Note by the Chief Secretary, Treasury
MISC 122(86)10

Since the above brief was prepared, the Treasury have circulated a very late and tendentious paper (MISC 122(86)10) attacking the proposal for an Advisory Committee (there is no good reason for the lateness; the Treasury had a draft of Mr Baker's paper 10 days ago). None of the arguments (expense, conflict with local authorities, precedent etc) is new; and no serious or constructive alternative to the present impasse is offered. A reformed Burnham would almost certainly achieve nothing and cost a lot; while leaving it entirely to the local authorities would probably cost just as much, promote little educational reform, and leave the Government still held responsible for the failings of the education system.

2. As Mr Baker admits, an Advisory Committee is certainly no panacea and must carry risks; and the Group will no doubt want to consider again the Treasury's objections. But the arguments in this paper seem greatly overstated. Some of the detailed features of the proposed Committee which are criticised are not integral to it and could be reconsidered (eg the Affirmative Resolution over-ride); and the arguments on cost are exaggerated (Annex B shows that the cumulative awards to the major Review Body Groups since 1980, except the TSRB (where the amounts are small), have been well below the cumulative increase in average earnings).

J B UNWIN

1 July 1986

CONFIDENTIAL

SPW



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Mr. Unwin

TEACHERS' PAY

The Prime Minister was grateful to see the note about contacts between ACAS and the Scottish Inquiry which you sent me on 25 June.

(DAVID NORGROVE)
30 June 1986

CONFIDENTIAL

h



10 DOWNING STREET

~~Prime Minister~~

For discussion

Wednesday.

at Disc 122.

N. L. W.

27.6.

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~~D.N.~~

The PM has put in

some squiggles + 7.

N. L. W. 30.6



CONFIDENTIAL

CC/BG

P 02131

From: J B UNWIN
25 June 1986

Prime Minister &

MR NORSGROVE

*Delivered
25/6*

Ready to go

TEACHERS' PAY

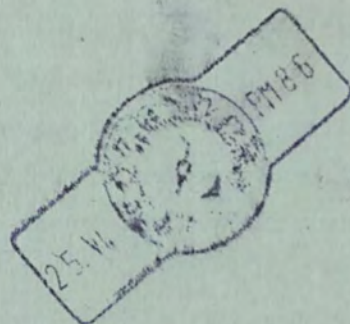
At the MISC 122 meeting last week I said, in response to a point raised by the Prime Minister, that I believed the ACAS people and those on the Scottish Inquiry were in touch.

2. You may like to know that I have confirmed informally that there is in fact very close contact between the two Secretariats. Each has arranged to let the other see submissions going to them; and Sir John Wood and Sir Peter Main have agreed to avoid any "unpremeditated divergencies" in their reports. Sir Peter Main has, however, so far been unwilling to have a personal meeting with Sir John Wood; despite the informal contacts, he wishes to remain to be seen as fully independent.

3. The DES are well advanced in preparing papers on a Review Body/Standing Advisory Committee and on greater use of specific grants, and I hope that we shall be able to circulate these for this weekend prior to the next MISC 122 meeting on Wednesday (2 July). The Scottish Secretary and the Treasury may also decide to circulate papers, supporting and opposing Mr Baker's proposals respectively.

J B UNWIN

Cabinet Office





CONFIDENTIAL

~~COBQ~~
CCB/UP.

P 02110

From: J B UNWIN
17 June 1986

MR NORCROVE

TEACHERS PAY: A REVIEW BODY

Following this morning's meeting of MISC 122, DES will be submitting two papers for further consideration - one on a possible review body, and the other on greater use of specific grants.

2. You may like to be reminded that a good deal of the work on a possible review body was done in MISC 123 and set out in the paper circulated to Ministers as MISC 122(6)6. Paragraphs 15 to 25 discuss the characteristics of a statutory review body covering the whole of Great Britain. The key elements were:-

(i) the review body would be required by statute to advise the Secretaries of State on teachers' pay and conditions. The presumption would be that their recommendations on pay would normally be put into effect by statutory instrument (perhaps subject to negative resolution procedure), although those on duties and conditions of service would probably need to be more subject to variation by the responsible Ministers who would make appropriate Regulations;

(ii) the review body would displace the present Burnham machinery covering schools and further education;

(iii) the most promising financial arrangement in the new circumstances in which LEAs no longer had any direct role in the determination of teachers' pay would be to introduce some element of specific grant for education. This might be varied to take account of the review body's recommendations without necessarily having any impact on the total amount of RSG or its distribution among all local authorities;



1 (iv) in order to reinforce the above financial weapon, it might also be necessary to create a new duty on LEAs to comply with statutory regulations establishing teachers professional responsibilities, which could then be enforced through the courts. The use of specific grants as a financial sanction might also be linked to this - but none of these arrangements for securing compliance would work unless a review body commanded the support of the majority of teachers and of LEAs. This would point to it having a substantial measure of independent authority.

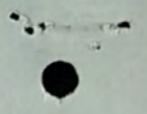
3. I would expect DES to build on the above proposals, although Mr Baker will no doubt want to add his personal stamp to them. As long as the financing of education is shared between local government and the centre, I do not think there is any foolproof way of securing compliance with a review body's recommendations. A great deal must depend on goodwill and consent, but I think the specific grant route is probably the most promising one.

4. DES hope to be able to produce their two papers early next week, so that it would be extremely helpful to arrange a further meeting of MISC 122 as soon as possible after the Prime Minister returns from the European Council (we will be in touch with you separately about this).

J B UNWIN

Cabinet Office

17 June 1986



47

CCBG
B/ur

P 02107

PRIME MINISTER

TEACHERS' PAY NEGOTIATIONS

[MISC 122: 12 NOON TUESDAY 17 JUNE]

[Minute of 4 June from the Secretary of State for Education]

MAIN ISSUES AND DECISIONS

1. The Meeting provides an opportunity to review progress in the ACAS sponsored negotiations in England and Wales and of the Committee under Sir Peter Main in Scotland. An important issue is the future negotiating arrangements for teachers' pay and other conditions of service, and specific decisions are needed in respect of England and Wales as follows:

1. Should the Government launch a consultation exercise about arrangements to replace the remuneration of Teachers Act 1965?

2. If so, what options should be canvassed? In particular, should the possibility of a Standing Advisory Committee be included?

The ACAS Process in England and Wales

2. The negotiations under the aegis of Sir John Wood are proceeding in a series of working parties. There are two possible outcomes:

(a). The teachers and employers fail to reach agreement across a wide range of issues. In this case Sir John Wood will be required to put forward his proposals. With the exception of cost, where proposals more expensive than the Government have so far contemplated must be a strong

possibility, it seems likely that these would be not out of line with the Government's own priorities, and might represent a broadly acceptable package. But implementation would require negotiation of the pay element through the Burnham Committee and of the changes in conditions of service in a separate non-statutory committee. In a situation where employers and teachers were unable to agree, but faced strong public pressure against a resumption of the dispute, the Inquiry's recommendations might win reluctant acceptance; but there could be no certainty that the recommendations would prevail, and that an enduring solution would emerge.

(b). The teachers and employers reach agreement. Given the changes in the employers' side following the recent local government election, and the re-admission of the NUT to the negotiations, it is possible that the employers and teachers could agree on major issues - in particular pay, pay structure and the management of teachers. In this case, Sir John Wood and his team would have at best a much more limited role in advising on other issues where the two sides were not in agreement. It is most unlikely that any positions agreed by the two sides would be acceptable to the Government. The parties would be in a position to adopt the pay part of an agreement in Burnham, and the Secretary of State would have to implement it (he has no discretion not to). The only sanction available to the Government would be to withhold the additional resources which have already been offered in return for a statutory agreement. However, given a united front from the teachers and their employers, the Government would be under strong pressure to release the balance of the promised £1.25 billion: it would be difficult to explain to parents and the public the case for rejecting an agreement reached after long negotiations with the help of ACAS.

3. The prospects for an acceptable outcome are therefore clouded. Some action is necessary, however, to plan for whatever situation emerges, and in particular to deal with the issue of future negotiating arrangements.

Future Negotiating Arrangements

4. The present negotiating arrangements have clearly become unworkable. Pay and conditions are negotiated separately; the Secretary of State is a party only to those about pay (ie Burnham) where he must implement the decisions but has no effective power to influence them. Meanwhile it was Burnham's prolonged failure to negotiate a pay settlement in 1985 which eventually led to the present ACAS process. Given that failure, there is a need to address now the question of future negotiating arrangements, which are both an issue in the ACAS and a continuing problem once that process has reached a conclusion. The Government's involvement in all the ACAS working parties means that Ministers must be ready to contribute to the debate..

5. It will not, however, be easy to find satisfactory new arrangements, given the rivalry and distrust between the teachers unions and the division of financial power and responsibility between Government and local authorities. The Education Secretary suggests (in paragraph v of his note) three approaches which might be canvassed. The first is essentially for the Government to withdraw, leaving the local authorities and unions to establish whatever negotiating machinery they wish, and take responsibility for the results. This is broadly the pattern for local authority employees other than teachers. It does, however, leave the Secretary of State with no direct voice, although he would still retain much of the financial responsibility, as well as responsibility in the eyes of the public for what goes on in schools. Mr Baker therefore suggests the greater use of specific grants to give him some leverage; new primary legislation would be needed, as it would also be to repeal the Remuneration of

Teachers Act governing the Burnham arrangements.

6. The second option is to reform Burnham bringing together pay and conditions. If the new arrangements were statutory, the Secretary of State might be given a greater voice in the new committee and might have a veto on grounds of total cost; it seems unlikely that the two sides would voluntarily acquiesce in such a role for him in the present political and negotiating climate. Bringing pay and conditions together would not, however, be relied on to avoid problems, as recent Scottish experience shows.

7. The Education Secretary's third option is a standing advisory committee to review every four or five years pay levels and conditions of service. This would replace negotiations between the parties and put the final decision in the hands of the Government, possibly subject to Parliamentary safeguards. This is essentially a review body (although unlike the existing review bodies it would make a package of recommendations covering changes in conditions of service also). It would have the advantage of breaking out of the present situation in which it is impossible to negotiate any progress. But it would effectively put in the hands of an independent party the pay of a very large number of local authority workers (an annual pay bill of over £5 billion). and could be seen as an undesirable concession to anti-social behaviour.

8. The Education Secretary seeks authority to submit a paper to ACAS, canvassing the alternatives and then to issue a fuller version for wider consultation. The discussions must go wider than ACAS, if only because further education teachers are covered by the Remuneration of Teachers Act but are not party to the present ACAS negotiations. Moreover many teachers are employees of voluntary (ie church) schools, although they are actually paid by LEAs. It is doubtful, however, whether the Government should

launch a formal consultation exercise about one item of the agenda while the ACAS process is under way: it might be preferable merely to send a copy of the ACAS paper to all the interested parties, so implicitly - but not explicitly - inviting comments on the alternative approaches.

9. Legislation would be needed to make any change in the present negotiating arrangements. There is no provision for an Education Bill in the legislative programme for the 1986-87 Session.

Scotland

10. The Main Inquiry is still taking evidence. The Scottish Office have submitted written evidence, and will be giving oral evidence later this week and in early July. The Committee is expected to report in September. While there is every prospect of a broadly satisfactory report there is clearly a serious risk of divergent outcomes from the two processes, which would be much increased if the two sides in England and Wales were to agree on pay levels, pay structure and teachers management. In that event there would be little prospect of the Scottish teachers accepting recommendations on pay which Main judged reasonable in the wider public interest.

11. So far as negotiating machinery is concerned, the evidence submitted so far merely examines the defects of the present Scottish arrangements without offering possible solutions. Officials will certainly be asked about the Government's attitude to alternative approaches, including that of a Review Body. Mr Rifkind notes that a 5-yearly review on the lines suggested by Mr Baker would be likely to lead to disruptive comparability-based "catching-up" pay increases - which would be an argument for more frequent independent reviews, so as to head off the problem.

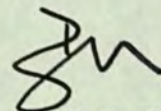
12. It is doubtful whether it would be prudent for Scottish officials to go as far in endorsing the idea of a review body as Mr Rifkind proposes, even on condition of a no strike agreement. That could lead the main Committee to attribute the idea to the Government, and then devote itself to ways of satisfying the condition. A safer line for officials to take might be to contrast the position of teachers with that of the groups already covered by such bodies:

- no tradition of avoidance of industrial action (a no-strike agreement would not be nearly enough);
- conditions of service a matter for dispute and negotiation with, rather than at the discretion of, employers;
- teachers are not employees of central Government;

and effectively throw the problem back to Main. It was, after all, because the Government did not know the answer that the Committee had to be established.

HANDLING

13. You will wish to ask the Education Secretary to introduce the discussion. The Scottish Secretary will need to cover the Scottish dimension. The Chief Secretary will wish to speak generally and in particular about the possibility of a Standing Advisory Committee. The Environment Secretary will have views on the implications for relations with local government and the Employment Secretary on implications for pay negotiations more widely.


J B UNWIN

Cabinet Office
16 June 1986



10 DOWNING STREET

Prime Minister

Mr Tebbit is unable
to attend.

His views on Sir Keith
Joseph's proposals in this area
are in his letter at the
back of the folder. His office
tell me they apply also to
Mr Baker's proposals.

DW
16/6.

CCAG
BUP

Department of Employment
 Caxton House Tothill Street London SW1H 9NF
 Telephone Direct Line 01-213.....5949.....
 Switchboard 01-213 3000

The Rt Hon Kenneth Baker MP
 Secretary of State for
 Education and Science
 Department of Education and Science
 Elizabeth House
 York Road

16 June 1986

Dear Secretary of State

SCHOOL TEACHERS' PAY NEGOTIATING ARRANGEMENTS IN ENGLAND AND WALES

As you know, I am unable to attend the meeting of MISC 122 tomorrow because of my absence in Geneva.

I support your proposal for a consultative document and agree that it is essential to put a paper to the ACAS Panel as soon as possible. This will help to demonstrate that we are in no way committed to what may emerge from the Panel's work and provide a surer basis for action ourselves.

I agree that Burnham has outlived its usefulness and needs to be replaced. But I am far from attracted to the prospect of leaving negotiations on the pay and conditions of teachers to the employing authorities and the unions under voluntary arrangements of their own. The objectives of central government would be likely to be ignored and we would be left to foot the bill.

It is for this reason that I think that it would be a pity to reject now the possibility of a Review Body, despite the difficulties we have experienced with this approach. It would provide objective recommendation to which we were not necessarily bound. I would however favour canvassing this possibility only on the basis of the unions being ready to accept a no-strike agreement in return. It is most unlikely that the unions would be prepared readily to agree, but the response of their members could be very different and provide a healthy pressure on the union leaders. A proposal of this kind would also constitute a positive initiative for which we could take credit. I remain concerned that Government has at times been driven into the role of passive spectator of this dispute.

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

Yours sincerely
Susan Chappell

for

KENNETH CLARKE

/Approved by the Paymaster General
 and signed in his absence/

PRIME MINISTER

13 June 1986

SCHOOLTEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

Kenneth Baker's minute to you of 4 June, advocating sending a consultative document to ACAS on negotiating machinery, raises two separate issues:

- a. The need for the Government to announce its intention to terminate the 1965 Remuneration of Teachers Act (RTA).
- b. The range of options to replace the Burnham negotiating machinery.

Abolishing the 1965 RTA

The arguments for abolishing Burnham and for the Government announcing immediately its intention of doing so by, say, Christmas, are very strong.

Burnham has numerous disadvantages: it separates pay from conditions of service, and both from their financing; it is far too large (a membership of 50); it has a complex and rigid method of negotiation; and, since the breakdown of the Concordat between Government and local authorities in July 1985, it puts the Government in an impossible position. Its failure is evident in the establishment of ACAS and the NJC - so much so that its repeal has already been called for by the employers' association.

Because it is important that the Government should not be forced into accepting the ACAS recommendations on pay levels, and because it is also important that the ACAS committee considering the future of negotiation machinery should be looking at a wide range of alternatives, the sooner the Government informs ACAS of its intention the better.

Alternatives to Burnham

The DES paper considers three broad options in a supposedly neutral manner. Kenneth Baker's covering note, however, is far from neutral. He rejects the second option as a revamped Burnham, and expresses serious doubt over the first option, largely because the local authorities as employers have failed to enforce contracts or manage robustly.

After their experiences of the past 18 months, and their scepticism of decentralisation, the DES would love dearly to transfer responsibility for teachers' pay from themselves to some other central body. The third option, therefore, is the DES alternative to a permanent statutory review body. It is essentially a quinquennial Clegg.

Unfortunately, it is fraught with difficulties:

- a. It guarantees that every 4 or 5 years the Government will face a major pay demand from teachers.

- b. It forces a remarkably rigid straitjacket on teachers' pay between each major review, which takes little account of changing market conditions either geographically or by subject.
- c. If at the time of each review the Government tries to "override excessively costly recommendations", it invites a major confrontation with teachers.

In any case, it is always open to the Government, in the context of the first option, to set up a pay review at any time. Very little, therefore, would seem to be gained by enshrining this recommendation in statute.

In view of the fact that the DES paper only considers three options and neglects others which deserve at least as much to be explored - such as compulsory local pay bargaining, individual pay bargaining, school bargaining based on results and a permanent statutory pay review body - it is curious that the DES devotes so much attention to option (c). Our recommendation is that you either drop option (c) or else ask DES to extend the range of options, including various alternatives under (a). Otherwise the Government is seen to be proposing the one thing which is certain to create difficulties.

Bh.

BRIAN GRIFFITHS

COBG



CONFIDENTIAL

Prime Minister

TEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

I have seen Kenneth Baker's minute of 4 June to you and I note the modifications in what he proposes as compared with Keith Joseph's paper of 13 May. I can see some logic in holding reviews at longer intervals, thus leaving the normal annual pay round where it properly belongs, between the local authority employers and the teachers; but I fear that 4 or 5 yearly reviews would be under at least as much pressure as the existing review bodies to base their findings on comparability at the expense of affordability. They would almost inevitably produce difficult catching-up demands. At the same time I fully recognise DES need to take some positive initiative very soon on the question of negotiating machinery.

As I said in commenting on Keith Joseph's proposal, it is important to me that we should decide fairly quickly what if anything we intend to do. My officials are to give oral evidence to the Main Committee on 19 June and 4 July. A meeting of MISC 122 before then would therefore be helpful. My officials will certainly be asked for a view on review bodies. Moreover the EIS, which unlike the other unions in Scotland is opposed to the idea of a review body on the present model, has just put in supplementary evidence to Main advocating precisely the alternative of a statutory quinquennial review, and the Committee may well want a Government view on this too. My main purpose in minuting is to seek clearance for the line I propose - subject to MISC 122 - officials should take.

On the general question of review bodies I propose that my officials should rehearse the objections that were raised in our own previous discussions. In particular,

they should emphasise that the other groups for which there are review bodies do not strike, either on principle or because they are debarred from doing so. A standing review body would certainly be attractive to Government if teachers were prepared in return to forego the right to strike. All the evidence so far suggests no willingness on their part to do so but if they were prepared to offer a no strike deal as a precondition of a standing review body we could certainly agree to consider the possibility further. If the question of a 5 yearly review is raised much the same objections can be advanced. I do not think officials should be drawn into comment on the merits of review bodies generally, which is in any case a subject outside the Committee's remit.

I shall be glad to know if this line is acceptable.

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

MR

M R

12 June 1986

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EDUCATION
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PRIME MINISTER

SCHOOL TEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

1. Keith Joseph's minute to you of 13 May suggested an early consultation exercise on future negotiating arrangements for teachers' pay and other conditions of service.

2. I have now studied Keith's analysis and your and other colleagues' reactions to it, and I would welcome an early meeting of MISC 122 to consider my preliminary conclusions, which I summarise below.

- i. Burnham has reached the end of its useful life. The two sides have taken to doing their real negotiations elsewhere - the school teachers at ACAS and the further education lecturers at their National Joint Council. But so long as the Remuneration of Teachers Act 1965 (RTA) stays on the statute book, their agreements must be converted into settlements in the statutory Burnham Committees. These Committees can deal with pay only and their pay settlements bind me - I have no veto - to issue statutory instruments which in turn bind every local education authority throughout England and Wales to pay their teachers and lecturers accordingly.
- ii. I do not know how the ACAS exercise will go. We have a new leader of the local authority employers and the National Union of Teachers have got back into the talks. These two could, with assistance from the national Labour Party, get together and this increases the likelihood of a deal - high on cost and at best uncertain on conditions - negotiated through the ACAS process. But the ACAS process has now got a momentum of its own; expectations of a lasting solution have been raised; Sir John Wood, his two side men and ACAS itself have their reputations tied to an outcome which, like the Main Independent Committee of Inquiry in Scotland, addresses all the interconnected issues. All this will make more difficult a conventional negotiated fudge between some of the employers and some of the unions. The agreement which set up the ACAS talks gives Sir John Wood the task of writing a final independent report recommending how any outstanding problems should be resolved. It seems likely that we will get a Wood report in September/October at about the same time as the Main report. The evidence from the talks so far is that Sir John and his two side-men recognise the force of the Government's views on a structure which would differentiate in favour of better teachers and attract and retain those with skills in short supply and on the need for a better definition of contractual duties. The Wood report could come out quite close to what we've

been asking for in terms of structure and duties. However, it seems certain to ask us to foot a bill well in excess of £1,250 million over four years.

- iii. We are publicly committed to consider the conclusions of the ACAS talks and the Scottish inquiry in full. Assuming satisfactory conclusions, in terms of content if not cost, this means deciding how much we are prepared to add to the RSG settlement for 1986-87 and how much we are prepared to include in the 1987-88 RSG settlement. But the Wood conclusions will not constitute a settlement: unless and until we do something about the RTA, that will still have to be negotiated into place through the present discredited machinery with the real risk of a high pay increase and no associated improvement in other conditions. Even so, employers, unions and parents seem likely to make common cause, urging us to put up a fair contribution to the cost to bring about a settlement based on the Wood report. If we do not, there seem to be two possibilities:
- (i) "no settlement", intensive disruption at the start of the autumn school term, with public opinion solidly against us. Another winter of discontent in the schools. The recent court case strengthens the hand of employers since the judge decreed that "cover" was a professional obligation. I shall run this for all its worth, but how many Labour LEAs can we expect to be more robust in enforcing contracts?:
 - (ii) with public opinion supporting the Wood recommendations, the employers and the teachers would proceed to agree the pay part of the recommendations in Burnham, even though the authorities could not afford the cost. Under the RTA, I would then be required - I have no veto - to promulgate the new pay scales in a statutory document, and local authorities would be legally required to pay them. The present Labour leadership of the local authorities are unlikely to hold back from such action. They would say that we have refused to finance a fair result from a process which we ourselves welcomed and that this left them with no choice but to put the cost onto the rates in 1987-88. We would get the blame for these rate increases.
- iv. We must as a matter of urgency get ourselves out of a position where I can effectively be forced to implement such a costly and unacceptable outcome. I agree with the Chancellor of the Duchy of Lancaster that we should announce an expectation of repealing - and possibly replacing - the RTA. Future negotiating machinery is the subject of one of the four working parties set up by Sir John Wood. My officials are

in membership and are seeking to indicate what the Government will require of any new negotiating arrangement. I think that they should now widen the scope of discussion to bring in options not currently on the agenda. We need to do this sooner rather than later or we shall be criticised for not contributing as we ought to the ACAS process. I would like my officials to put in the attached paper, giving advance notice of it to Sir John Wood and Sir Pat Lowry. Then, having put the options on the agenda at the ACAS talks, I would like to issue a slightly fuller version of the paper to a wider audience as a Departmental consultation document. This is because the ACAS exercise is concerned only with primary and secondary teachers, and involves only the local education authorities, the school teacher unions and the Government. We need to bring in the further education interests, also covered by the RTA, and the churches, who employ many of the teachers even though they do not pay them.

- v. The draft paper is neutral as between the options. These are identified as:
- (a) simply repeal the RTA and leave it to the employers and unions to develop their own negotiating arrangements. The expectation must be that, as for their other employees, the local authorities would want to engage in free national collective bargaining but the paper notes that under this option there would be nothing to prevent local bargaining. This could take place quite independently or it could be that local education authorities would negotiate discretionary payments within a structure negotiated nationally - for example, premiums to attract and retain people with skills in short supply and heavy demand. The culture of local authority management, not to mention that of the unions, runs counter to this particular example of differentiation. If we seriously want to encourage educational objectives like this, which we will never get accepted through argument and persuasion, we need to be able to offer concrete encouragement from the centre by means of specific grant.
 - (b) amend the RTA so that the remit of the statutory negotiating committees is extended to cover both pay and other conditions. It will be possible to take the opportunity of amending legislation to get back to the position which held before July last year when the local authority employers abandoned the Concordat, namely a weighted vote in the management panel for my representatives, 15 out of 40 instead of our 2 out of 27, and a veto on the total sum offered. We have statutory pay and conditions committed

in Scotland already. They are hardly an advertisement for this model. If this option runs it seems necessary to indicate some way of getting out of the sort of deadlock experienced in Scotland throughout 1985. Maybe we should, but the draft does not as yet, float the idea of returning to unilateral access to arbitration subject to Parliamentary override.

- (c) replace the RTA with a new Act setting up a Standing Advisory Committee to hold a review every four or five years on the pay levels, pay structure, contractual duties and conditions of service of teachers and to make recommendations to employers, unions and Government. The Act would make the implementation and promulgation of the pay recommendations, through statutory instrument as now, run hand in hand with the conversion of the other recommendations into contractual obligations, possibly through Regulations requiring employers to incorporate specified terms in their contracts of employment with teachers. In the intervening years there would be annual cost of living collective bargaining. The legislation would need to include a power of Parliamentary override to enable Government to reject recommendations on grounds of excess cost.

This is a revamped cliff

- vi. If the paper is neutral, I am not. I strongly dislike the middle option. It seems to me a recipe for annual confrontation with all parties ranged against the Government for not providing enough money to pay teachers. It is a revamped Burnham. The beauty of straight repeal should be that the local authorities and teachers would be made wholly responsible for their own actions within the RSG constraints. However, we have seen over the past 18 months, local authorities fail to enforce contracts and manage robustly. If the employers continued to behave in that way and made pay settlements which failed to differentiate between teachers on grounds of effectiveness, responsibility and market value, the general public would still lay the blame for the outcome at the Government's door. We would not get "Better Schools". The third option is not the same sort of animal as the review bodies for doctors, dentists and so on which have given so much prominence to comparability and so little to affordability. The remit of the proposed Standing Advisory Committee would go well beyond pay. It would create a mechanism for tying pay to what the teachers are paid to do, and would leave the Government free to override excessively costly recommendations.

3. But, having said all this, the choice among the options does not have to be taken now. What matters is initiating the consultation so that we can prepare ourselves for action,

if it is needed, in the autumn. I judge that we should get the paper to the ACAS Working Party in early June. I think it would be sensible to talk this through and I would be grateful if a meeting of MISC 122 could be held early in June so that the paper can issue immediately afterwards, to be followed shortly by its conversion into a wider consultative document.

4. I am sending copies of this minute to members of MISC 122 and to Sir Robert Armstrong.

K.S.

DEPARTMENT OF EDUCATION AND SCIENCE

4 JUNE 1986

CONFIDENTIAL

FUTURE DETERMINATION OF TEACHERS' PAY AND OTHER CONDITIONS OF SERVICE

A PAPER TO THE ACAS WORKING PARTY ON NEGOTIATING MACHINERY BY THE DEPARTMENT OF EDUCATION AND SCIENCE

1. A common thread in criticism of the present arrangements has been that they separate pay from other conditions of service. Practical attempts to bridge this division are already evident in the growing role of the NJC for FE teachers and in the ACAS-assisted talks on school teachers. The Government believes that one feature of new, improved arrangements should be that pay and what teachers are paid for - their duties and other conditions of service - should be considered in the same forum as part of an integrated package. Beyond that, the Government believes that proposals for new negotiating arrangements should be judged according to whether they offer a reasonable prospect of bringing about an improvement on the existing arrangements. Any proposal designed to advance that prospect will need to take account of the following important facts and give due consideration to the issues which they raise for the arrangements for determining pay levels, pay structure, duties and other conditions of service:

- i. the importance of the pay bill for school teachers and further education lecturers, some £5,750 million in 1985/86, inclusive of national insurance and employers' superannuation contributions, as an element of local authorities' current expenditure and as a factor in the annual rate support grant settlements;
- ii. the statutory responsibilities of the Secretary of State for certain matters bearing directly on the employment of teachers - for example the provisions in the 1982 Teachers Regulations and the provisions in the Education Bill for in-service training and appraisal - and for promoting the quality of education generally as through the policies set out in the White Paper, "Better Schools", not least the section on "Teaching Quality";
- iii. the education service is a national service administered by local education authorities which, under the current arrangements, have all been under a statutory duty to pay teachers employed in maintained schools and further education establishments on the same pay scales;
- iv. teachers in schools and further education are represented on the two Burnham Committees by eleven unions with a diversity of aims and approaches - all now have their place on the Burnham Committees as a result of decisions made in accordance with the RTA by the Secretary of State;
- v. the education service has experienced considerable difficulty in recent years in breaking negotiating stalemates, avoiding disruption of the service, and resolving national pay disputes expeditiously.

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2. With these considerations in mind, the Government sees three broad options:

- A. non-statutory arrangements between employers and unions;
- B. new Committees established under statute;
- C. an independent Standing Advisory Committee established under statute to conduct periodic reviews of teachers' pay and other conditions of service.

Each broad option contains numerous detailed possibilities. The brief discussion below is confined to the general approach.

A: Non-Statutory Arrangements

3. The local authority employers have called for the repeal of the RTA with no new statute to replace it. The absence of any statutory provision would make it possible for individual authorities to negotiate their own pay and conditions agreements with their teachers. The Local Authority Associations' declared preference is for negotiating pay and conditions of service together in a new, voluntarily established forum for national collective bargaining. In FE there is already the foundation for such an arrangement in the NJC, which resembles those bodies in which pay and other conditions of service for other local government employees are discussed. But for school teachers substantially new arrangements would be needed. It is conceivable that even within a national bargaining system individual LEAs could be given discretion to make payments beyond the national rates designed to meet local recruitment or retention needs. In so far as these might correspond with the Government's educational objectives to attract and retain people of the right quality in key subject areas with teachers in short supply, such payments might be supported by some form of specific grant.

4. Those favouring this general approach will wish to express a preference on the possible variants. They may also wish to comment in particular on the reconciliation of such arrangements with the Government's contribution to financing teachers' pay through the Rate Support Grant and its commitment to teaching quality. To date the Professional Association of Teachers has been refused a place on CLEA/ST and the Association of Polytechnic Teachers has been refused a place on the NJC; both unions are represented on the respective Burnham Committees. Will these unions be represented on new non-statutory committees? And, what is there about new voluntary arrangements of this kind that will provide greater likelihood of satisfactory negotiated agreements?

B: New Committees Established Under Statute

5. A second possibility would be to establish new Committees under statute with a remit covering both pay and other conditions of service. Like the existing Committees, these might comprise representatives of the local authority associations, the teacher unions and the Secretary of State. The Committees might make recommendations to the Secretary of State encompassing conditions

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of service other than pay, with agreements on both pay and other conditions of service being promulgated by Statutory Instrument. The balance of representation and the place of the Secretary of State on the Committee would need to be considered. Until July 1985 the Secretary of State's representatives on the Burnham Committees had a weighted vote within the Management Panel and a veto on the total sum offered. It would be for consideration whether the weighted vote should be given a statutory basis.

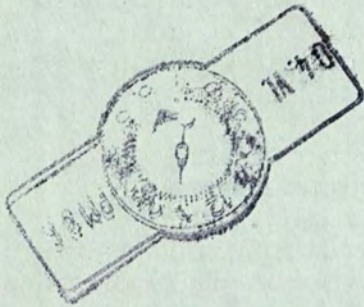
6. Bodies covering both pay and other conditions of service for teachers were established in Scotland under statute in 1980. These bodies operate through free collective bargaining. The one dealing with school teachers has failed to function since 1984. The Government eventually stepped in to set up an independent inquiry into Scottish school teachers' pay and conditions in March 1986. It is not clear what would be achieved by simply extending the remit of statutory committees to cover conditions of service other than pay. Such machinery cannot of itself ensure integrated negotiations across both areas. And, again, what is it that new statutory arrangements along these lines would offer which would increase the likelihood of satisfactory negotiated agreements?

C: An Independent Standing Advisory Committee Established Under Statute

7. If voluntary collective bargaining has a poor record in producing satisfactory pay and conditions agreements and in avoiding harmful disputes, perhaps recourse might be had to systematic third party judgement. To an extent this was the conclusion reached through the 1985 school teacher negotiations when the ACAS Memorandum of Agreement was signed on 24 January this year. This approach might involve the repeal of the RTA and its replacement by a new Act setting up a Standing Advisory Committee to hold periodic reviews, say every four or five years, on the pay levels, pay structure, contractual duties and conditions of service of teachers. The Committee would make recommendations to employers, unions and the Secretary of State. Employers and unions could make such representations on those recommendations as they wished to the Secretary of State who would be responsible for their implementation and statutory promulgation, subject to a right to substitute the Government's own pay recommendations if those of the Committee were ruled out on grounds of national economic interest. The promulgation would take a form which would carry the pay and other recommendations through into the individual teachers' contracts of employment. In the years between the periodic reviews there would be a need for negotiations to make such annual pay adjustments as proved necessary. This might be done in statutory or non-statutory committees set up for the purpose, with the results, like those of the periodic reviews, given statutory promulgation.

8. This approach raises numerous questions. How would the membership, constitution and periodic terms of reference of such a Committee be determined? How would its recommendations be reflected in the financial provision made in the RSG and what provision would be made to give Government the power to override recommendations which it judged unacceptable on national economic grounds?

Teachers Pay: EDUCATION Pt 7.





CCBG

CONFIDENTIAL

Prime Minister

NBPN at this stage

SCHOOLTEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

I have seen Keith Joseph's minute of 13 May in which he proposes to open public consultation on a range of options for replacing the Remuneration of Teachers' Act. He proposes to include a statutory review body for pay and conditions and to present that as the Government's preferred option at this stage.

I should welcome any initiative which is likely to lead to a more satisfactory outcome than ACAS on its own seems likely to produce, and I entirely endorse the arguments against a Government attempt to wreck the ACAS process. But some doubts were expressed when the idea of a review body was previously discussed in MISC 122: it was recognised that even with pay and conditions settled by or on the advice of a review body there would still remain the problem of enforcement by the employers; and the setting up of a review body for a group of local authority employees would raise large questions for the financial relationship between central and local government. I believe we should make sure that we can see our way through these problems before we start to trail the idea at all in public.

If there is a need for caution there is also a need for us to decide fairly quickly what if anything we intend to do. Negotiating machinery lies within the remit of the Main Committee, and the written evidence which my Department is giving to the Committee casts doubt on the effectiveness of the present Scottish machinery but has deliberately (in the light of our earlier discussions) avoided mentioning options as radical as the creation of a review body. My officials are to give oral evidence to Main on 19 June and 7 July, and as matters stand at present they would have to take a negative and discouraging line on the review body option if (as is likely)

15.12
The question is raised: it would be an obvious embarrassment to us if the Government began to give encouragement to the idea in England and Wales after oral evidence in a contrary sense had been given on my behalf.

I am sending a copy of this minute to members of MISC 122 and to Sir Robert Armstrong.

MR.

MALCOLM RIFKIND

20 May 1986

EDUCATION
TEACHERS'
PAY

PT 7





Chancellor of the Duchy of Lancaster

CCBG
CCB/KUP
CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Tel No: 233 3299
7471

16th May 1986

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

Prime Minister ²

X below will alert
Pice 122 to the fact that
work on educational reform
is going ahead (if they don't
know already).

This letter should have
been stopped by mine, recording
your views.

DLW
16/5.

D Keith.

SCHOOL TEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

I have read with interest your minute of 13 May to the Prime Minister. The outcome of the ACAS process looks very like the proverbial curate's egg. It is fairly evident that the reaction of some teaching unions will be to embrace what they like, and discard the rest. We may well again find ourselves unable to force an acceptable package on both conditions and pay, and equally unable to prevent a foolhardy agreement on pay alone.

Nevertheless, I agree with your view that we cannot seek to stop the ACAS exercise now.

You have proposed that, instead, we should proceed quickly with a consultation paper based upon a Government view that the Remuneration of Teachers Act 1965 should be repealed, and that a statutory review body for pay and other conditions of service should be established in the place of the existing (and wholly discredited) negotiating machinery.

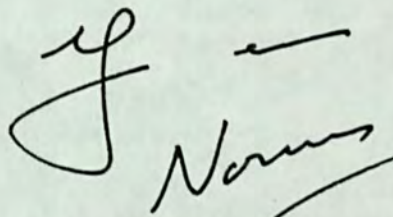
I do not see any reason to have more confidence in a review body of this kind to deliver rational judgements than the existing non-statutory review bodies. They have become oblivious to the affordability of their recommendations, have ignored considerations of recruitment and retention, and have relied disproportionately upon comparability. I therefore see no merit in adding a further review body, which once more places a major item of expenditure out of the hands of those with financial accountability for the service concerned.

Additionally, I do not think it will be understood why we take the step of initiating consultation on this separately, and in advance of, the conclusions of the ACAS inquiry. We may not have faith in its outcome, but the public believe, with some justification, that the ACAS inquiry and interim pay settlement have allowed a lull in disruption in the schools. This they no doubt heartily welcome. We disrupt this at our peril.

X | Finally, I do not think it sensible for us to propose consultation on options for the method of determining the major component of education expenditure, when we are in the midst of developing our views on the fundamental structure of responsibility for education. The method of determining teachers' pay and conditions may be a necessary bargaining counter for us to have in hand when we come to publish our proposals on education policy.

The farthest I would want to go at present is to announce our intention to repeal the Remuneration of Teachers Act 1965; we can hardly pretend that it is any longer an effective or useful Instrument. We can say that the arrangements to replace it will be the subject of detailed urgent consideration, and an early legislative opportunity will be taken to effect the change. The new arrangements would, of course, be the subject of consultation and take account of the results of the Scottish and ACAS inquiries.

I am sending a copy of this letter to the Prime Minister, to members of MISC 122, and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', with a stylized flourish above the name.

NORMAN TEBBIT



EDUCATION

TEACHERS

PAY

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10 DOWNING STREET

cc: MISC 122: LFO NIO
 CSO, HMT D/Emp
 SO DOE
 WO PMG
 LPSO CWO
 CH/D/harc

From the Private Secretary

15 May 1986

bc: Prof. Griffiths

SCHOOL TEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

The Prime Minister was grateful for your Secretary of State's minute of 13 May about school teachers' pay negotiations in England and Wales, and has asked that it be discussed in a meeting of MISC 122. A meeting will be arranged (though it may not be possible to fit it in until after the Whitsun Recess).

The Prime Minister would be content if in the meanwhile the Department wished to continue drafting a consultation paper, though she has not herself reached a conclusion on whether its publication would be desirable, and she has serious doubts about the idea of a statutory review body. She has noted that MISC 122 saw major difficulties about the idea of a statutory review body when this was discussed earlier.

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

David Norgrove

Rob Smith, Esq.,
 Department of Education and Science.

CSG

C O N F I D E N T I A L

PRIME MINISTER

SCHOOL TEACHERS' PAY NEGOTIATIONS IN ENGLAND AND WALES

1. We agreed in MISC122 on 4 March that it was unlikely that the ACAS process would achieve a great deal in securing the improvements to the education service which the Government wished to see. We decided not to seek to terminate the process at that stage: such action would risk considerable criticism from employers, unions and parents. We recognised, however, that a further Government initiative might be necessary at some stage. This minute reviews progress to date with the ACAS-led negotiations; considers possible future developments; and considers the options open to the Government.

2. On 9 May the Burnham Primary and Secondary Committee agreed an across the board pay rise of 5 1/2% or £520, whichever is the greater for an individual teacher, from 1 April 1986. This is "without prejudice" to the eventual outcome of the ACAS-led negotiations, which may in due course result in a further increase for 1986-87. Related to this settlement is an agreement that the NUT will now join in the ACAS negotiations, and that the NUT will end its disruption of the schools. While the relative peace this is likely to bring in the schools is welcome, the settlement achieves nothing towards our pay structure and conditions of service objectives.

3. The negotiations under the ACAS-appointed independent panel have already been in progress, without the NUT (although the NUT did submit a position paper) for just over 2 months. ACAS chose well for their purpose. Sir John Wood and his 2 colleagues are proving very adept in promoting discussion of the main issues. Small working parties have been set up to look at 4 broad areas: pay structure and levels, appraisal and training, duties and conditions, and negotiating machinery. These are scheduled to report in mid-June and already points of agreement are being registered on a range of issues while

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points of difference and questions of greatest difficulty - not least pay levels and finance - are deferred for later consideration. All parties (including my representatives) are being given a fair hearing and ample opportunity to develop the positions set out in their initial written submissions. So far Sir John Wood and his colleagues have helpfully pressed the other parties to acknowledge the validity of some key government positions, for example the need for a pay structure which would give management sufficient scope to reward effective teachers, to recognise responsibility and leadership, to attract and retain teachers in shortage subjects, and to fill difficult posts. None of this fits easily with the employers' preference, shared by most of the unions, for a structure based on a single main grade, with a relatively modest structure of higher paid posts. But should the ACAS panel succeed in edging the consensus the Government's way on structure, we can fairly safely assume that it will have a big price tag on it. Perhaps it is too early to be divining Sir John's strategy but there are some signs of him seeking to extract Government finance by delivering a pay structure whose attractions we would be hard put to deny having advocated them ourselves so publicly.

4. Up to now Sir John and his panel (all of whom wanted to admit the NUT to the talks with no conditions attached) have been helped by the NUT's exclusion. The momentum achieved so far would have been impossible had the NUT been participating (and refusing to take pay and conditions together or to allow any "worsening" of conditions). The other 5 unions have been showing a more constructive attitude, and all have encouraged a return to more normal working. However, some unofficial working to rule (especially among NAS/UWT members) has persisted and the NUT have been continuing disruptive action short of striking. We can now reasonably expect an end to disruption to last through the summer, but it may be in the nature of a truce rather than fully restored harmony and commitment.

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Future expectations for the ACAS exercise

5. The probability must be that the negotiations will continue through the summer, without breakdown, despite the addition of the NUT. ACAS and Sir John Wood's panel will work hard to ensure this. But the Labour employers (most of whom will be newcomers after the 8 May elections) may be easily led by their new leader, in conjunction with the national Labour leadership, to favour positions acceptable to the politicized NUT, and incompatible with our objectives. Substantive recommendations from Sir John are not likely before September or the Scottish inquiry report, whichever comes later.

6. Sir John Wood has indicated privately that he thinks much of what the Government is seeking is sensible - and this view is beginning to show. Our existing policies for improving standards in school education, and any further options we may select, demand a better managed and more professional teacher force. Teachers' duties must be more clearly defined, so that we do not again experience the disruption of schools by teachers at no financial cost to themselves. (Even if imminent judgements on four current cases about cover for absent colleagues are favourable, we cannot assume that this will make the employers more resolute on this and other matters of contract.) We need a pay structure and pay levels which will offer attractive career prospects to effective teachers, and enable employers to recruit and retain teachers in shortage subjects and in certain areas of the country where authorities are experiencing difficulties. But there is no prospect of a set of recommendations in September which meets our requirements as a whole, including affordability. The most likely outcome is a set of recommendations priced at a level higher than the Government thinks reasonable, even if it offers reasonable progress in terms of structure and duties. We can then expect the local authorities and the teacher unions jointly to demand Government financing for what they will describe as an eminently fair and reasonable outcome.

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What happens if we allow the ACAS exercise to take its course?

7. We must now expect the ACAS exercise to come to a conclusion - or to break down - around September. Sir John Wood's remit is important. By September his panel (to quote from the January 1986 ACAS agreement):

"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."

So the outcome need not be a complete agreed package of recommendations. The eventual "Wood report" might well include the panel's independent assessment of the way ahead on a range of outstanding issues.

8. But whether it is an agreed package or a set of independent recommendations which emerges, the conclusions would still have to be converted into settlements. We shall ourselves have to consider the outcome (and the outcome of the Main inquiry in Scotland), and decide whether to make additional resources available to the LEAs and, if so, on what terms and in what years. But unless and until we change the law school teachers' pay has to be settled in the Burnham P and S Committee and their other conditions of service in non-statutory negotiations between the LEAs and the teacher unions (at present these negotiations are conducted in a committee known as CLEA/ST). Whereas an agreed package might be negotiated into place (even this is problematical both on resources grounds and because the NUT are in a minority on the teachers' side of Burnham but have a majority on the teachers' side of CLEA/ST which means we could end up with a statutorily enforceable pay deal and a bungled deal on duties and conditions), the current negotiating machinery offers no ready prospect of implementing disputed recommendations. We will not be in a position either

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to stop the pay element of an agreed package (2 votes out of 27 on the management side of Burnham) or to impose any Wood recommendations on other conditions of service (even if we wanted to), although we could refuse to make any additional resources available.

9. The options likely to be available to us in September/October are not appealing:

(i) We receive the Wood outcome and consider the extent to which it accords with the Government's objectives and agree to release commensurate additional resources.

In practice this would mean deciding how much we are prepared to add to the RSG settlement for 1986-87, and how much we are prepared to include within the forthcoming RSG settlement for 1987-88, to pay for the Wood recommendations - or those of them the employers and teachers are willing to negotiate into place. It will then be for the employers and the teachers to try to reach settlements in Burnham and CLEA/ST within the financial resources available to the local authorities and compatible with the Wood recommendations. We cannot force an agreement. If we do not make what is perceived as being a fair contribution to the cost we must expect that there will not be a settlement and there will be disruption.

(ii) If we object to the Wood outcome, we could explain why and withhold any financial support for its implementation. The two sides would simply be left to negotiate as best they could within planned expenditure figures, plus any extra we might offer on stated conditions. Again, industrial action would be a certainty. It would be far too late at this stage to avoid intense disruption in the schools from autumn 1986 by extending the Main inquiry to England and Wales.

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- (iii) A different but no more appealing option opens up in the unlikely event of Sir John Wood and his panel concluding that the gap between the sides is so fundamental that they cannot offer recommendations to bridge it. Recent developments in further education suggest that the employers might then lead the teachers off into private and separate negotiations aimed at preparing a new package for confrontation with the Government. We should not like that package, either. There would again be no way of reaching reasonable peace in the schools without an over-generous settlement and no conditions attached to it that we would regard as essential.

We shall not be able to maintain satisfactory relationships and proper working practices in the schools without a pay settlement which the teachers and the public will perceive as fair. But it will be very bad for the future of school education if there should be a high pay settlement without substantial improvements in the pay structure, better provision for shortage subject teachers, and a clarification of teachers duties and conditions of service which the local authority employers then enforce. Part of the package must bring greater pressure on local authorities, either through tighter statutory duties or by exercising financial pressure through specific grants, or both.

Should we seek to stop the ACAS exercise?

10. The prospect is then that the ACAS exercise will continue, and that the position throughout the summer will probably be relatively peaceful (this may not extend to full cooperation with GCSE). Things are likely to go bad in the autumn. Yet we cannot reasonably seek to stop the ACAS exercise now.

11. We cannot at this stage set up an inquiry covering England and Wales matching the Scottish inquiry. That remains an option if the ACAS talks break down soon, but would otherwise be incompatible with what we have already said about the ACAS

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exercise. If, nevertheless, we were to set up our own inquiry now there is no guarantee that the ACAS exercise would stop, nor would there be much hope of getting Burnham and CLEA/ST to accept and implement the findings of our inquiry. Moreover, if we were to set up an inquiry at this stage we might well immediately provoke industrial action in the schools because the teachers would assume we were determined to prevent a costly settlement. Public opinion would find our action incomprehensible, and would be solidly against us.

12. Could we then provoke a breakdown of ACAS, and then set up an inquiry? We might cause a breakdown in the ACAS-led negotiations if we were to insist that under no circumstances would we make more money available from the taxpayer for teachers' pay than the £1,250 million (less £170 million for midday supervision) already conditionally offered. But that would be incompatible with what we have already said - which is that we will look at the ACAS recommendations in due course. We should certainly provoke immediate industrial action in the schools. Public opinion would again be solidly against us.

Is there any other option?

13. All this does not mean we should simply allow the ACAS exercise to proceed and watch what goes on. We need to prepare the ground for the longer term in a way which could also help us if ACAS reports in September or if ACAS breaks down at that stage.

14. The local authority employers have long been pressing me to repeal or amend the Remuneration of Teachers Act 1965, the legislation under which the Burnham Primary and Secondary and FE Committees work. I have resisted, on the grounds that there is no agreement on what should replace the Act, and that I could only seek Parliamentary time if I were confident of replacing the Act by arrangements that would work more effectively. But the RTA 1965 is now so discredited - the Primary and Secondary Committee has had to seek negotiations

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led by ACAS as an alternative to normal operation within Burnham; and in further education the employers and NATFHE are now doing most of their negotiation in a separate forum and only staging formal meetings of Burnham to formalise what they have agreed elsewhere - that I must make some change. There is also a problem in that we can by no means be certain that the Burnham P & S Committee and CLEA/ST will implement any ACAS recommendations - especially if we do not provide what they will regard as sufficient financial assistance.

15. We should therefore plan to replace Burnham before the election, I believe we may have to do so before an acceptable settlement can be finalised. There are broadly three ways in which we could amend or repeal the RTA 1965, which covers further education teachers as well as school teachers.

- (i) We could repeal the Act. This is what the employers want. The employers and the unions would then be free to make their own negotiating arrangements and to reach their own settlements for pay and conditions of service - nationally or locally. They would be constrained by RSG settlements and any Government regulations about appraisal, midday supervision, or other matters affecting teachers' conditions of service.
- (ii) We could amend the Act to establish reformed statutory negotiating committees. These committees could cover both pay and other conditions of service (as in Scotland), and could give the Government a strengthened position.
- (iii) We could replace the Act by legislation to establish a statutory review body for pay and other conditions of service, including the definition of teachers' duties. This body could cover both school teachers and further education teachers, and would differ from existing review bodies in that ;

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- it would be statutory
- it would consider pay and other conditions of service (including duties).
- it would cover local authority employees.

The Secretary of State might have power to accept the review body's recommendations, or to substitute his own decisions subject to approval by Parliament.

There are many possible variations of detail within each of these three options.

16. I propose to issue a short consultation paper on these three alternatives at about the end of May, giving all concerned two months for comments. Legislation would follow as soon as Parliamentary time could be found. The consultation paper would not rule out any of the three alternatives, but indicate my present preference for alternative (iii).

17. I believe it would be possible for me to issue this consultation paper now, presenting it as part of the necessary preparation for the future, without wrecking the ACAS exercise and without provoking industrial action. I should of course recognise that one part of the ACAS exercise is looking at future negotiating machinery, and would say that I would expect to take that work into account as well as comments on the consultation paper. But wider consultation is essential to cover the further education interest in the Act, and the interests of the voluntary school employers, for example. The consultation process would also provide us with a better foundation for urgent action in the autumn should the ACAS exercise not yield an acceptable outcome.

How would this help achieve our objectives?

18. There is no way of guaranteeing that in future teachers

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will do their work as we think they should, or that the employers will enforce contracts and generally manage their employees as we think they should. The best hope for improvement lies in the sensible clarification of teachers' duties, contracts and conditions of service, so that no-one is in any doubt about what head teachers and local authorities can require them to do (some of this could be in regulations, for example probation, qualifications requirements, appraisal, in-service training); pay levels which are perceived to be fair and a pay structure which takes account of teacher effectiveness, differential responsibilities, shortage subjects, and posts that are difficult to fill; and specific grant arrangements which enable the holder of my office to bring financial pressure to bear on local authorities to enforce teachers' duties and to use the pay structure effectively. I do not myself believe that negotiations between the politically-led and divided local authority associations on the one hand, and the rival teacher unions on the other, can be expected to result in satisfactory arrangements across teachers' pay and conditions of service. That is why I favour the third option. But the local authority associations and the teachers are likely to favour either the first or the second option. The challenge for them in the consultation process is to show that one of these options could deliver the kind of settlements that is needed.

19. This consultation process would prepare us for legislation to introduce more satisfactory negotiating arrangements or a statutory review body to determine teachers' pay and conditions of service in the future. We could then if necessary take the appropriate legislative action before the end of 1986. We may need to do this if the ACAS exercise breaks down in September or if it produces recommendations in September which cannot then be put in place by the existing negotiating machinery - or if we cannot accept the ACAS recommendations. It will be obvious to all that we could and should have foreseen these possibilities, which would inevitably lead to severe industrial action in the schools in the autumn. I attach a chart indicating

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the likely sequence of events. I believe therefore that we must embark upon this consultation exercise now as a necessary preliminary to our dealing with whatever situation arises in the autumn.

20. Work is in hand within the Department on the preparation of the necessary consultation paper, which I shall of course circulate in draft to colleagues in due course. In the meantime I should be grateful to know by the end of this week if you or colleagues have any reservations about this course of action or to receive any comments you may wish to make at this stage.

21. I am sending copies of this minute to members of MISC 122 and Sir Robert Armstrong.

K.J.

Department of Education and Science

13 May 1986

1986	RSG Timetable	Scotland (Main)	England and Wales (ACAS)	About ACAS now?	Prepare for future alongside ACAS
March		"Main" inquiry set up; 1985-86 pay deal plus 5.5% for 1986-87	"Wood" exercise set up		
April			Position papers submitted Working groups set up		
May			↓ <div style="border: 1px solid black; padding: 2px; display: inline-block;">5.5% interim settlement</div>		
June		Evidence to Main	↓	Government extends Main inquiry to England and Wales?	Government initiates consultation on alternatives to Burnham
July	July statement for 1987-88		↓ Report to Wood group	Takes over ACAS work and invites further evidence?	Responses received
August			↓		
September		Main report?	↓ Wood report?	Main report, etc.	Responses considered
October	Finalise 1987-88 calculations	Government response?	↓ Government response?		
November	1987-88 RSG Report	Negotiations in STNC based on Main and Government response leading to	Negotiations in Burnham and CLEA/ST based on Wood and Government response leading to pay deals for 1986-87 and		→ If necessary, Bill introduced;
December 1987		(i) supplementary 1986-87 pay deal and			enacted;
January		(ii) 1987-88 pay deal	1987-88		Review body or other arrangements set up;
February					
March					
April					1987-88 settlement.



10 DOWNING STREET

Prime Minister

Sir Keith asks for
comments, by the end of
this week, on the
proposal to publish a
consultation pp at the
end of the month.

This timing is very
difficult. Clearly Sir
K. J.'s successes will
have to take a view. I
suggest that you tell
Sir K. J. your plans on
the timing of his move
(next Wednesday?). You

could do this after
the UN level (what he
attends) and before the
Education Meeting at 1500.

You could say that you
would like his ideas
to be examined by
DISC 122 (with the
meeting taking place after
SIT 5 has moved).

This would enable his
successor to make up
his mind what he
wanted to do.

N. L. W.

Disc # 13 Ry

Teachers (Pay)

3.32 pm

Mr. Giles Radice (Durham, North) (*by private notice*) asked the Secretary of State for Education and Science if he will make a statement on the interim settlement of the teachers' pay dispute.

The Secretary of State for Education and Science (Sir Keith Joseph): Last Friday the Burnham primary and secondary committee agreed to increase teachers' salaries in England and Wales from 1 April 1986 by 5.5 per cent. or £520, whichever is the greater. This agreement was reached following undertakings to the management panel from all the teacher associations represented on the teachers' panel. The entire teachers' panel has given an assurance that there will be a return to peace and calm in our schools immediately. The entire teachers' panel notes and supports the ACAS talks and will co-operate in every respect. The teachers' panel agrees that the payment at 1 April 1986 is without prejudice to any subsequent consideration by Burnham in the light of progress in the on-going talks embracing all the aspects being discussed under the aegis of ACAS.

This settlement clears the way for constructive discussion and negotiation under the leadership of the panel appointed by ACAS. It does not prejudice the outcome of the ACAS process and it is to that exercise that teachers, employers and the Government must look for a satisfactory longer-term outcome to the complex of issues raised by the recent dispute. I very much welcome the fact that the National Union of Teachers, which represents a substantial group of teachers in our schools, will now play a full part. We must all welcome the assurances now given about an immediate return to peace and calm in our schools.

The ACAS-led negotiations are addressing a range of issues — pay levels and structures, teachers' duties, teacher appraisal and career development and future negotiating machinery. Clearly, no Secretary of State can commit a Government in advance to the outcome of such an exercise, but I do wish the talks well and hope that they can result in satisfactory resolution of the fundamental problems arising from the present pay structure, the lack of definition about teachers' professional obligations, and performances appraisal and career development. The Government will consider the conclusions carefully and fully when those are available.

Mr. Radice: Does the Secretary of State accept that last week's agreement brings the prospect of peace and calm to our schools, ensures that the major teachers' union is involved in the ACAS talks and gives teachers a needed pay rise? Does he accept also that, while he and his Ministers have been content to stand on the sidelines as our schools have been disrupted, the Labour party has brought the two sides together and has been instrumental in achieving last Friday's agreement? Does the right hon. Gentleman understand that for a long-term settlement to be achieved and for peace to be guaranteed in future, as he hopes, the Government must recognise the need for additional resources? I hope that the right hon. Gentleman's successor will be more successful in persuading the Treasury than he has been.

Sir Keith Joseph: I am glad that the National Union of Teachers has agreed to co-operate fully in the

negotiations, therefore accepting that teachers' pay and teachers' duties must be considered at the same forum. I hope that the hon. Member for Durham accepts that—

Mr. Mark Hughes (City of Durham): On a point of order, Mr. Speaker. He is not the Member for Durham.

Sir Keith Joseph: I refer to the hon. Member for Durham, North (Mr. Radice). I hope that he now accepts what he has flinched from accepting before—that what teachers are paid and teachers' duties should be considered together.

Mr. Harry Greenway (Ealing, North): Is it not true that there has never been a more potent moment in history for the improvement of the education of our children, the uplifting of the morale of teachers, and the improved provision of children's education and that my right hon. Friend is the man who has brought the country to this position? Does he agree that teachers' pay is about 16 per cent. better now than it was when the Government came into office? Will he repudiate the Labour party for locking out the NUT from negotiations with the local authorities recently?

Sir Keith Joseph: I can agree with some of what my hon. Friend says. There are some long-standing and crucial issues for the quality of education; these can emerge if the negotiations are successful, and I hope that they are.

Mr. Martin Flannery (Sheffield, Hillsborough): Is it not a fact that, but for the intransigence of the Government and the Secretary of State, this progress could have been achieved 16 months ago? If that had happened, the disruption which has been caused by ordinary people who are not used to taking such action would not have continued. Is it not a more serious fact that the disruption will begin again unless some new money from the Government—never mind the local authorities—is put on the table to solve the problem and to educate our children in a proper way?

Sir Keith Joseph: Unfortunately, the NUT walked out of the negotiations in 1984 that could have led to this sort of result much earlier. That led the teachers' unions to reject negotiations on the quantified conditional offer of extra money from the Government and delayed the present negotiations for many months.

Mr. Patrick Thompson (Northwich, North): Bearing in mind the damaging effect of the dispute on children in our schools and the way in which teachers have conducted themselves during the dispute, will my right hon. Friend look again at the suggestion that has been made over and over again by Conservative Members, that there should be a professional teachers council to help to raise the standards and morale in the teaching profession?

Sir Keith Joseph: Yes, if enough teachers approach me with a willingness to see such a council set up, but it would have to be subject to the Government's satisfaction that such a council would serve the interests of children as well as of teachers.

Mr. Clement Freud (Cambridgeshire, North-East): While we greatly welcome the return of the NUT to the ACAS talks on sensible terms, does the Secretary of State not accept that ongoing talks need an ongoing Minister and that if we are to have constructive education policies we

which it started. The midlands and the north have benefited very greatly from the increase in Health Service expenditure, which has gone from £7.5 billion under Labour to £17.5 billion a year.

Mr. Higgins: Is it not completely wrong for the Leader of the Opposition to give the impression that there have been cuts in total resources for the Health Service when in reality they have increased? Is he aware that constituencies like mine, which benefit from the reallocation of resources, welcome the change very much indeed?

The Prime Minister: I am grateful to my right hon. Friend. The Leader of the Opposition does not know that to go from £7.5 billion to £17.5 billion a year is an increase and not a cut.

Mr. Foot: Can the Prime Minister tell us whether any of the talk about a balanced team has reached her ears? Will she give us the assurance that her idea of a balanced team is the present incumbent of Conservative Central Office and Mr. Jeffrey Archer?

The Prime Minister: A balanced team won in 1979 and in 1983, and hopes to gain a third return ticket.

Mr. Alan Howarth: Does my right hon. Friend agree that it remains just as much the case today as it was before last Thursday that living standards and social provision have to be earned and paid for? Does she agree that there will always be politicians who offer free beer but that there are large numbers of electors who are nursing painful memories of the last binge and that when it comes to the general election the people will vote soberly and sensibly for her policies of realism?

The Prime Minister: Yes, Mr. Speaker, for policies which have brought an increased standard of living, increased production, increased wealth ownership throughout the country, better trade union reform and respect abroad. I believe the people will vote for us in a third election.

Q7. Mr. Tony Lloyd asked the Prime Minister if she will list her official engagements for Tuesday 13 May.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Lloyd: Has the Prime Minister seen reports that there are now 13 million people in Britain living in

poverty? Can she say whether this is a record of which she is proud, or is the real truth that her Government have pauperised millions of our fellow citizens?

The Prime Minister: The standard of living, both of those in work and of those on social security is higher than it has ever been before.

Mr. Yeo: Does my right hon. Friend agree, in the light of the trust and support that we showed to the United States in its fight against terrorism recently, that there will be profound dismay throughout the whole of the United Kingdom if we do not have immediate approval of the extradition treaty?

The Prime Minister: Yes. The President and Administration are doing their best to try to bring that about. My right hon. Friend the Secretary of State for Northern Ireland has gone to the United States to say how strongly we feel about it. I hope that both will be successful in achieving the desired result.

Mr. Mason: Will the Prime Minister tell the House what punishment she intends to mete out to her right hon. Friend the Leader of the House, who now has publicly portrayed her as the lame duck Prime Minister?

The Prime Minister: My right hon. Friend has asked me to reply. He did in fact make many robust policy points on Sunday with which I wholly agree.

Mr. Skinner: On a point of order, Mr. Speaker. This is a point of order for you arising out of Prime Minister's questions. We all appreciate the difficulty that you have in trying to make sure that all groups within the House have a chance to speak, especially at Prime Minister's Question Time. Some of us have noticed that, since the interview that the Leader of the House gave on television last Sunday, there are two discernible groups in the Tory camp. What we are suggesting, Mr. Speaker, is that in future, so that you get the balanced ticket right in the House of Commons, instead of calling just anybody from the Conservative Benches, you should make sure you call the Biffen faction and the Thatcher faction, so that that balance can be continued.

Mr. Speaker: The hon. Member may like to know that I never watch television on Sunday.

must have faith in the continuity of the head of the Department? Does he realise how useless it is to education in general that a dearth of policies should now be coming from the Department which he nominally heads?

Sir Keith Joseph: The last thing that I have been accused of in recent years is a dearth of policies.

Sir John Farr (Harborough): Is my right hon. Friend aware that continual harassment by the NUT is still taking place in many parts of the country, including refusal to co-operate with PTAs, absence from supervising lunch hour engagements and no parent-teacher meetings in many parts of the country? In view of this outrageous behaviour by the NUT, will my right hon. Friend ensure that ongoing teacher assessment is enshrined in any settlement that is reached?

Sir Keith Joseph: Teacher appraisal is one of the subjects that is being considered by the ACAS working party. As for the first part of my hon. Friend's question, I very much hope that the NUT's undertaking that peace and calm would return to our schools will be fulfilled.

Mr. Jack Ashley (Stoke-on-Trent, South): In view of the Secretary of State's comments about the National Union of Teachers, will he concede that teachers in particular and education in general would have been the poorer without the efforts of Fred Jarvis and his colleagues. [HON. MEMBERS: "Oh."] They deserve the support of both sides of the House of Commons.

Sir Keith Joseph: I am very sorry, Mr. Speaker, but I missed the last part of the right hon. Gentleman's question.

Mr. Ashley: May I rephrase it, Mr. Speaker? I am sorry that the Secretary of State is deaf. I shall repeat my question for him. The point I was making was that teachers in particular and education in general would be the poorer without the efforts of Fred Jarvis and his colleagues and that they deserve the support of both sides of the House of Commons.

Sir Keith Joseph: On no possible account could I agree with the right hon. Gentleman. It was that particular individual and his executive who wrecked the negotiations in 1984 and delayed negotiations for months and months in 1985 and 1986.

Mr. J. F. Pawsey (Rugby and Kenilworth): My right hon. Friend will be aware that the dispute has been extremely damaging to children and very worrying to parents. Does he agree that the settlement of the dispute is widely welcomed on this side of the House? Will he take steps to arrange the payment of the £1.25 billion on a shorter time scale, as that would do a great deal to improve teacher morale, particularly if assessment were to be stitched closely into the agreement?

Sir Keith Joseph: I agree with the first part of my hon. Friend's question. As to the second part, payment of the additional money specified by the Government depends upon satisfaction of the conditions laid down, and that is the subject of the discussions that are now taking place under ACAS.

Mr. Peter Hardy (Wentworth): Although the whole House will agree that the return of peace, high morale and high standards in our schools are urgently needed, does the Secretary of State not agree that if that objective is not rapidly achieved, the prospects for the new examination will be diminished, which means that it will be impossible to introduce it in September this year?

Sir Keith Joseph: I have to say to the hon. Gentleman and the House that the disruption in our schools is entirely due to—[HON. MEMBERS: "You."]—the decision of the executives of the large teachers' unions, backed by a number of their members. I have constantly said that it is wrong and unprofessional to disrupt the education of children.

Mr. Richard Holt (Langbaugh): Although we welcome the agreement, is my right hon. Friend aware that I hope that it will not be paid for by the closure of further community schools such as Huntcliff in Saltburn-on-Sea in my constituency?

Sir Keith Joseph: I admire my hon. Friend's ingenious supplementary question.

Mr. D. E. Thomas (Meirionnydd Nant Conwy): Although the Secretary of State now seeks to distance himself from and not intervene in the ACAS discussions, does he accept that it was his pressure and his manipulation behind the scenes that prevented an earlier settlement? Does he further accept that the current discussions are a sign of the failure of the Government's policy of trying to use children and parents to batter the NUT?

Sir Keith Joseph: That is a grossly distorted point of view. It is the Government's intention to bring about improved quality of teaching for children of all abilities in our schools. For that purpose, we judge it necessary to open up possibilities for many more promotions, a much more promising career structure for teachers, a satisfactory pay structure for teachers and appraisal and more in-service training for teachers. If those conditions are satisfied, we shall ask the taxpayer to find additional money.

NEW MEMBERS

The following Members took and subscribed the Oath:

Mrs. Elizabeth Lois Shields, for Ryedale.

Patrick Allan McLoughlin, Esq., for Derbyshire, West.

Hospitals (Newcastle)

3.49 pm

Mr. Nicholas Brown (Newcastle upon Tyne, East): 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 proposed closure of Health Service facilities in Newcastle hospitals"

The matter is important because the latest proposals for cuts follow the recent most severe assaults on Health Service provision in the northern region. The matter is urgent because the proposals became public knowledge today, and today this devastation of Health Service provision in the north should be stopped in its tracks. Our community is not prepared to tolerate the wicked, unfair and unequal closures imposed on our region.

I am grateful to Newcastle's local newspaper, *The Journal*, for making public the latest outrages. A further 166 hospital beds are to go in Newcastle. This time the excuse is forecasts of population nine years hence. Yet the cuts are to be made now, lengthening waiting lists across the northern region.

Already under the existing provision, 77 per cent. of cases which were urgent last September waited more than a month for treatment. The treatment of urgent cases in the northern region is far worse than the national average.

The position has been exacerbated yet further by the Government's consistent failure to bring funding into line even with national average provision under the resource allocation working party revenue targets. In a recently published letter, Professor Sam Shuster said:

"In Newcastle last year, money was available for replacement of less than 10 per cent. of required medical equipment in the teaching hospital. In December we had to reduce spending by 10 per cent. and in January our district health authority found itself short of £3 million, not from overspending but from Government's failure to honour its responsibility for inflationary increases in rates and salaries. The deficit will be met by closing a children's hospital and orthopaedic and dermatology wards although this will seriously affect the work of several departments."

The steady and consistent closure of Health Service provision in the northern region is strongly opposed by the overwhelming majority both of our community and of the region's publicly elected representatives. This outrage should be stopped now, and if this Government will not stop it, the next Government most certainly will.

Mr. Speaker: The hon. Member for Newcastle upon Tyne, East (Mr. Brown) asks leave to move the Adjournment of the House under Standing Order No. 10 for the purpose of discussing a specific and important matter that he thinks should have urgent consideration, namely,

"The proposed closure of Health Service facilities in Newcastle hospitals."

I have listened carefully to what the hon. Gentleman has said, but I regret that I do not consider the matter that he has raised is appropriate for discussion under Standing Order No. 10 and, therefore, I cannot submit his application to the House. I hope that he will find other methods of bringing it before us.

Para-Pace Limited, Cramlington

3.53 pm

Mr. John Ryman (Blyth Valley): 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 which should have urgent consideration, namely,

"The peremptory closure, without notice, of the Para-Pace Limited factory in Cramlington by the management, the disappearance of valuable machinery purchased with regional grant funds for that factory, and the refusal to pay any wages and redundancy payments to the entire work force."

The facts of the case are short and disgraceful. The company received substantial regional grant funds as recently as March 1985. Last week, without any notice to the work force, the factory was closed by the management, valuable machinery was removed, no wages were paid, and the management, in the form of the principal shareholder, did a moonlight flit, disappeared and cannot be found. I drew those matters to the attention of the Department of Trade and Industry, and yesterday the Minister responsible kindly saw me. Both he and his officials were extremely helpful, and I pay tribute to them for that.

The plain fact remains that the entire work force, which consists of women, has been left high and dry without wages, without redundancy payments and with no prospect of recovering them as the law stands. There has been no receivership and no liquidation, so they cannot obtain payments to which they would otherwise be entitled from the Department of Employment. It is a disgraceful state of affairs, and I ask you, Mr. Speaker, to consider urgently granting the facilities for this matter to be debated today, notwithstanding the important debates that have already been arranged.

This is typical of what happens in the north-east, when some people obtain regional grants but, when they are in financial difficulties, do a moonlight flit, throw out the work force without paying them, and remove machinery—bought with regional grant funds—which, in one way or another, leaves the region and disappears. That is an abuse of public money and a denial of the rights of the work force. In this case, the workers have been left helpless. I have advised them to apply for a liquidation so as to rank as preferential creditors, and the documents for that will be drawn up in my office this afternoon.

It is important that we discuss this matter urgently to find out what the Government can do about it. I ask you to intervene in this disgraceful state of affairs, Mr. Speaker. A serious fraud has been committed. I have given the name of the individual to the Minister, but I shall not mention it in public. However, I ask you to assist me in obtaining time today to debate this matter.

Mr. Speaker: The hon. Member for Blyth Valley (Mr. Ryman) seeks leave to move the Adjournment of the House under Standing Order No. 10 for the purpose of discussing a specific and important matter that he thinks should have urgent consideration, namely,

"The peremptory closure, without notice, of the Para-Pace Limited factory in Cramlington by the management."

As the hon. Gentleman knows, the decision that I have to take is whether to give this matter precedence over the business set down for today and tomorrow. I regret that I

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CCBS



SP

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

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FROM THE SECRETARY OF STATE

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

Prime Minister!

*As reported over
the week-end, but
note the teachers'*

12 May 1986 20.5% & 1986 pay claim.

*DLW
12/5*

Dear Nigel

TEACHERS' PAY IN ENGLAND AND WALES

The Burnham Primary and Secondary Committee agreed on Friday to the payment of 5.5% or £520 (whichever is the greater) to all teachers from 1 April 1986 without prejudice to the conclusion of the reform talks being held under an independent panel appointed by ACAS. The NUT will now enter those talks and have undertaken to participate in a cooperative way. All 6 unions on the teachers' panel gave an assurance that there would be a return to peace and calm in our schools immediately.

The offer will add an estimated 5.73% to the pay bill and, in accordance with my instructions that they should vote against any offer which exceeded the 5.5% payment already awarded to Scottish school teachers for 1986/87, my representatives voted against. They also made it clear that the Government would not be willing to adjust local authority expenditure provision to take account of this proposed payment. Nevertheless, all the employers present voted in favour of the offer and the deal was duly struck with the teacher unions. The Committee also agreed a 7% increase on London weighting (inner, outer and fringe) with effect from 1 April 1985.

A meeting of the Burnham Further Education Committee is fixed for Wednesday 14 May. This had been arranged well before Friday in order to bring within the statutory Burnham framework matters which are now effectively being negotiated in a non-statutory National Joint Council, on which my Department has non-voting observer status. The planned business is to endorse an NJC agreement on a 7% increase in the inner and outer London allowances with effect from 1 April 1985 and to receive the teachers' panel's 1986 pay claim for a 20.5% increase on all scales. Given last Friday's 7% increase in London weighting for school teachers and the NJC employers' decision last month to support a 7% increase for further education teachers' London weighting, I would propose

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Continued....

CONFIDENTIAL

- 2 -

to instruct my representatives only to press for a vote (and to vote against) in the event of any London weighting offer above 7%. As for the main salary claim, we are entitled to expect the Chairman to adhere to the agenda notice for the management panel (which told members that they were not obliged to attend what would be a routine meeting expected to last no more than 15 minutes). However, we can never be certain in these matters and my representatives must have instructions against the contingency of the chairman leading his panel to make an offer. My representatives would argue against making any offer on the grounds that the panel had not been called together in the expectation that it would be taking a decision about any 1986 pay offer. They would also stress the lack of progress in the talks on improving the effectiveness, efficiency and economy of the further education service following the 1985 pay settlement. But in the event of the management panel deciding to make an offer they would, as on Friday, vote against any figure above 5.5%.

My representatives have to leave for Wednesday's meeting at 9.15am and any substantive points on these instructions will therefore have to be with me on Tuesday 13 May.

I am copying this letter to the Prime Minister, Members of E(PSP), the Chancellor of the Duchy of Lancaster and Sir Robert Armstrong.

Lawson,

Kerr

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CEBG

CONFIDENTIAL

P 02045

From: J B UNWIN

7 May 1986

MR NORGROVE

TEACHERS PAY

Prime Minister 2

To be aware.

DRS

9/5.

ms

I understand from DES that the Secretary of State may decide to report to the Prime Minister next week on his assessment of the position and prospects on the teachers' pay dispute in England and Wales.

2. His present assessment of the ACAS initiative is as follows. Despite the disruptive tactics of the NUT, the chances are that it will keep rolling on until at least the end of July, and possibly until September. For one thing, the parties concerned may well want to await the outcome of the Government inquiry in Scotland (due to report in September). Whatever conclusions emerge, however, are likely to be unpalatable to the Government.

3. The Secretary of State believes that, if the above assessment is correct, it would not be feasible for the Government to break up the ACAS exercise. In public perception this would simply appear as sabotaging an initiative that has brought peace to the teaching scene. On the other hand, it is quite clear that the Burnham mechanism has broken down both in respect of schools and of further education. On the latter, negotiations are currently taking place in the (voluntary) National Joint Council which is outside Burnham.

4. The Education Secretary is therefore considering whether to advise that the Government should let ACAS roll on, but publish soon a consultation document setting out possible alternative plans for the longer term. The options he apparently has in mind are:-

- (i) simply to repeal the present Act, so that in future the pay of teachers etc is negotiated freely within an overall financial constraint;



CONFIDENTIAL

- (ii) to reconstitute something like Burnham;
- (iii) to establish a standing Review Body.

The argument for proceeding in this way would be that, as and when the ACAS exercise either breaks down or produces unacceptable recommendations, the Government would at least have made some progress in considering and consulting on alternative negotiating arrangements for the future.

5. I have this information from senior DES officials and the Secretary of State has not yet made up his mind. If he does minute in the above sense next week, however, we shall need to consider how best to handle this. I think that we had already established that, for one reason or another, it would be necessary to revert to this issue round about the middle of this month. Subject to the Prime Minister's views, I should have thought that, at least initially, MISC 122 would be the right Ministerial forum, possibly preceded by some rapid processing in the official Committee (MISC 123, which I chair), depending on the nature of the Education Secretary's submission.

6. We will give some further thought here to the implications of the above assessment and proposals. Clearly the key and most immediate decision for Ministers will be whether, if the outlook is so gloomy, it would still be possible and defensible to abort the ACAS inquiry and to substitute a Government inquiry or alternative procedure for it. As we have always recognised, the longer the ACAS initiative survives, the more difficult that will be.

J B UNWIN

Cabinet Office

CONFIDENTIAL

P 02028

Prime Minister 2

From: J B UNWIN

24 April 1986

NOTE FOR THE RECORD

JBN

24/4

cc Sir R Armstrong
Mr Wiggins
Mr Roberts
Mr Norgrove (No 10)

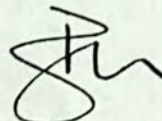
TEACHERS PAY DISPUTE

I understand from DES that the NUT have now sought an injunction to prevent the ACAS talks proceeding further without their participation (they were expelled a week or so ago because of their refusal to instruct their members to cease disruption in schools).

2. The NUT case is based on arguments relating to the formal Burnham Committee arrangements. In effect, they seem to be arguing that the ACAS talks have direct bearing on the Burnham Committee and the Remuneration of Teachers Act, and that it is the right of all parties represented on Burnham to take part in such relevant discussions.

3. Although the NUT action seems outrageous, DES are not confident that they will not obtain the injunction. They do not, however, intend to take any immediate action themselves (strictly, they have no locus).

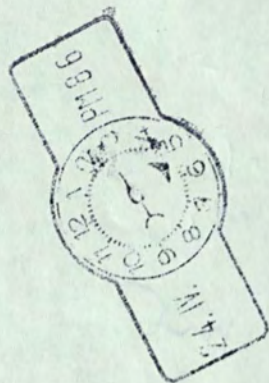
4. If the NUT succeed (and a decision ought to be taken in the next day or two), all the parties concerned will need a little time in which to appraise the situation. It would, however, bring much nearer the time when Ministers will need to consider whether to intervene (eg by replacing the ACAS talks with a Government sponsored inquiry) and I have asked DES to keep me closely in touch with developments.



J B UNWIN



As you thought





cc: Prof. Griffiths

10 DOWNING STREET

From the Private Secretary

MR. UNWIN

CABINET OFFICE

TEACHERS PAY

Thank you for your minute of 18 April about teachers' pay. The Prime Minister has noted what you say and is content with the timetable for Ministerial discussion set out in paragraph 8 of your minute.

Timothy Flesher

DA

23 April 1986

- PM seen.

CCBG



P 02016

cc Sir Robert Armstrong
Mr Wiggins

MR NORGROVE

TEACHERS PAY

I promised to let you have a report on developments and prospects on the Teachers' Dispute after my meeting with the Education Departments and the Treasury.

England and Wales

2. The ACAS panel had a long meeting with the parties on Monday. Despite strenuous attempts by the Chairman to keep the NUT involved, the employers eventually succeeded in having them excluded so long as they continue with disruptive action in the schools. Four joint working parties were established, to examine pay structure, teachers' duties and responsibilities, appraisal, and the negotiating machinery. They have been given 4 to 6 weeks to report back. Discussions are clearly going to be difficult. DES officials are represented in each working party, but there is a real risk that if the employers and unions can reach any agreement it will be on terms unacceptable to the Government. In particular, the employers may be prepared to concede pay levels far higher than the Government would wish, and a scale which fails to discriminate sufficiently in favour of good teachers and shortage subjects. The employers and unions would then present a joint face in seeking extra resources from the Government.

3. It now looks as if, assuming it can keep going, the ACAS panel will not complete its work before September. There must therefore be a risk that the unions will seek an interim settlement from 1 April 1986, as the Scottish unions have effectively achieved. This risk may become greater after the local authority elections next month, when Mrs Harrison, the

current employers leader, stands down and may well be replaced by someone more sympathetic to the NUT stance.

4. In the meantime the NUT are threatening industrial action against their exclusion from the ACAS process; but it is till too early in the summer term to judge what response and support they might get. The other unions are sticking closely together; if there is any split they lose their majority position.

5. Two Conservative local authorities (Suffolk and Hampshire) have now decided to restore payments to teachers who had previously lost money for refusing to cover for absent colleagues, in the hope of improving relationships and securing a complete return to normal work. This weak-kneed action (which is unlikely to gain any credit with the teachers) has irritated local authorities generally, including some Labour authorities who see it as considerably weakening management's hand in any future dispute.

Scotland

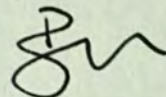
6. The official enquiry has made an encouraging and business like start and aim to complete their report by September. The Secretary of State's initiative has been well received, and strike action and the boycott of public examinations have been called off, although teachers are still refusing to cooperate in some services. The Scottish Education Department will be circulating the draft of the Government's opening position paper to Departments next week through the Cabinet Office machinery for clearance. This will largely follow the line taken in the DES evidence to ACAS on resources, but will also need to cover the effective enforcement of teachers' conditions of service. Although I understand some members of the enquiry are sympathetic to the Government's position on this point, when the evidence becomes public (as it is likely to even if not formally publish-

ed) some teachers' hackles may again be roused.

Conclusion

7. While the position in Scotland is 'so good so far', there still seems to be little prospect of a satisfactory outcome in England and Wales. The ACAS process is likely either to break down sometime from late May onwards or alternatively reach agreement on a package that is unacceptable for the Government. This assumes, of course, that the process does not break down earlier either as a result of the Chairman deciding that he cannot usefully continue, or in the face of external developments (eg a strike precipitated by the NUT). If the Government wish to intervene, there seem to be two main options: to extend the Scottish enquiry (or one modelled on it) to England and Wales, or to announce consultation on a proposal to legislate to impose some new arrangements (eg a statutory review body). But the Government could not realistically take either course until there was some public perception that ACAS is failing. At present the general public perception seems to be that the disputes have been solved, but that there is some trouble over the new examination system, which most people do not understand.

8. I think it would be premature for any collective Ministerial discussion now, but by around mid-May, when we shall have some indication how the ACAS working groups are getting on and will know who is to be the new chairman of the management side, a collective discussion may well be appropriate. Barring emergencies in the meantime, we will work to that timetable and I understand that the Secretary of State for Education and Science has work in hand on possible future options which can be brought forward at the required time.



J B UNWIN

18 April 1986
Cabinet Office



COMMISSIONER

CONFIDENTIAL

P 02016

MR NORRGROVE

Prime Minister

Content to have no
further collective discussion
for the present? DEW

b1
cc Sir Robert Armstrong
Mr Wiggins

TEACHERS PAY 21/4.

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England and Wales

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Scotland

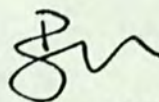
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J B UNWIN

18 April 1986
Cabinet Office

010

CC/BG



P 02002

From J B UNWIN

15 April 1986

*Prime Minister 2
For information*

MR NORGROVE

TEACHERS PAY

15/4

ms

As I mentioned to you, I have already arranged a discussion later this week with the Education Departments and the Treasury to review developments and prospects on the teachers dispute. I am particularly concerned to assess when there is likely to be a need for further collective Ministerial consideration. I will let you know the outcome of this, but in the meantime, in view of today's press reports on the NUT, you may like to have the following brief account of where matters stand.

England and Wales

2. As expected, the ACAS talks are proving difficult. The main participants are, however, keen to keep the show on the road. The NUT attitude is ambivalent. They are still bent on causing disruption; but at the same time they want to remain a party to the talks. They may, therefore, in practice move more cautiously than the press reports suggest. They have a particular reason for staying their hand. Mrs Harrison, the employers' leader, is due to leave at the end of this month. The question of her replacement will be the subject of an internal Labour Party battle. But a front runner is Mr John Pearman from Wakefield who has been in the lead on the Burnham further education negotiations and is thought likely to be more pliable, and accommodating to the NUT, on the ACAS talks.

3. This bodes ill for the future of the talks, and confirms DES in their view that they will not lead to any outcome that can be acceptable to the Government. But a little time is needed to see how the other parties react to the NUT development, and I will let you have a more considered assessment after my meeting referred to above.



Scotland

4. The Official Inquiry is now under way, although no serious work has yet been done. The Scottish Office tell me that the atmosphere is good and that both the Chairman and the Committee are approaching their task in a brisk and business-like way. They have set themselves the following timetable:-

Collect all written evidence by middle May;

visits during second half May;

take oral evidence during June;

prepare report between July and September.

5. They have not, however, so far got down to any of the serious issues, so that it is far too soon to forecast how the Inquiry might go. It must follow, however, that the longer it goes on, the more difficult it will be to graft an inquiry on England and Wales on to it, should Ministers wish to do so.

J B UNWIN

Cabinet Office



PART 6 ends:-

DES to DN 26.3.86

PART 7 begins:-

JB Urwin to DN 15.4.86

